# MISHPUCKA

# WORLDWIDE MAFIA

# Prologue

June, 1970

ALONG Collins Avenue in Miami Beach most people sleep late. The street and the sidewalks are usually deserted at 6 A.M. and it is then that Meyer Lansky would walk his dog. Like Lansky, the dog was small and inconspicuous. A Tibetan Shih Tzu, the shaggy Bruiser has real class, but in Miami Beach where appearance counts he attracted little notice.

Seasons South, home of Bruiser at 5001 Collins, is new and plush. Located just north of the more famous Eden Roc and Fontainebleau, on land once owned by a man who cornered the black market in liquor during World War II, it isn't especially exotic in Miami Beach. Lansky's apartment, while it had its quota of deep rugs, mirrors, and antiques, was conventional enough in a city of retired millionaires. The walk-in closet in Lansky's bedroom contained at least fifty suits and sports jackets. Blue dominates; it is Lansky's favorite color. Even in the choice of clothes, however, he has been careful to avoid a pattern. His collection of bow ties is perhaps one of the largest in the world, but he alternates them with straight ties at frequent intervals. In informal situations he leaves his collar unbuttoned.

Around the building he was known as a perfect gentleman who minded his own business. No loud parties disturbed the neighbors, no procession of gangsters came and went through his door.

With his wife, Teddy, he spent many evenings watching television. His favorite program is *The FBI,* but he follows news accounts religiously. A hawk on Vietnam, he takes an equally hard line toward student dissent.

After giving Bruiser his exercise and eating a light if leisurely breakfast, Lansky would be met by a chauffeur-bodyguard who drove him north along Collins Avenue to the Singapore Motel. The driver might be Phil "the Stick" Kovolick, an aging veteran of the Bugs & Meyer Mob, or an anonymous younger man in whom Lansky has recognized executive ability. The Singapore is operated by Meyer (Mike) Wassell, an elderly man who attended public school with Lansky in New York City.

Routine conferences followed. Almost certain to drop in: Jake (Jack) Lansky, Meyer's brother and devoted lieutenant. If Vincent Alo, better known as Jimmy Blue Eyes, was in the area, he might ride down from his home in Hollywood, Florida, some ten miles north in Broward County. If no urgent business requiring consultation with others was pending, the two might adjourn to a golf course; Alo is Lansky's official link with the Mafia, so there was always much to discuss.

If someone such as Moe Dalitz was in town from Las Vegas, an afternoon session in the solarium of a nearby hotel might be substituted for golf. The Balmoral, close to the Singapore, is a favorite spot for such conferences, but a cabana at the Fontainebleau might serve just as well.

At regular monthly intervals there would be special business. The cardroom on the mezzanine of the Singapore would be cleared, the doors locked, and a courier from Las Vegas or the Bahamas would open one or more briefcases and spill as much as $500,000 on the table. Bobby Blanche served as such a courier until identified. After that a variety of men and women would be used.

Lansky takes 60 percent of the money, most of it untaxed skim from gambling casinos. The rest is sent on to New York where it is cut again. The crumbs go on to Cleveland and Chicago to satisfy the pride if not the appetite of Mafia leaders.

The 60 percent retained by Lansky goes its separate way. It is not, of course, the personal profit of a single individual but represents instead the operating funds of an elite international organization known as the Lansky Group. Most of the cash would find its way to Swiss bank accounts. Eventually it would return in the form of loans and investments to reinforce the expansion program of the National Crime Syndicate.

Informers as well as electronic bugs have been planted in the cardroom of the Singapore by federal agencies, but the information thus obtained has little prosecutive value. Knowing that Lansky counts the cash is one thing—proving that all or any of it sticks to his hand is something else. In one way or another, federal agents have acquired enough information to estimate Lansky's wealth at $300,000,000, but he remains the one major gangster against whom the Internal Revenue Service has failed to make a case.

By 5 P.M. on most days Lansky would be home for cocktails, and once more Collins Avenue is largely deserted. Bruiser would be given his exercise again. Yet even in such relaxed moments, let a passing car slow, let strangers display an interest, and the walk would be cut short. If the car stopped before he could escape into his apartment, a white handkerchief would appear in Lansky's hand. A signal—to whom? Rash indeed would be anyone who assumes the Chairman of the Board of the National Crime Syndicate strolls alone or unprotected along Collins Avenue or anywhere else.

A reporter, burning for an exclusive interview, once trapped Lansky on the sidewalk in front of Seasons South. But when the handkerchief appeared, he hesitated to leave the car. Lansky vanished into the apartment house and the chance was lost.

In public Lansky presents a genial appearance. There is humor in his words, a smile on his tanned face. Cross him, however, and the brown eyes turn bleak and hard, a trace of Brooklynese appears in his voice, and the little man in the blue jacket is suddenly transformed. Ruthless and cold, he appears deadlier because his anger is controlled by an intelligence unmatched in the underworld.

Such an encounter has a chilling reality of its own. Capone, Siegel, Luciano, and Genovese were terrible in their day, yet time has insulated them. Lansky, who was their ally and their rival, remains alive and active. He is of the past but also very much of the present. And the fact that he is alive and operating has a terrible significance for the future.

# 1

IN his early teens he was called Johnny Eggs. No one really remembers why. His real name was Maier Suchowljansky, but that was a mouthful. Born in Grodno, Russia—once part of Poland—he was brought with his sister and brother, Jake, to the United States in 1911.

Neither Max nor Yetta Suchowljansky could remember the exact date in 1902 their son was born, so an Immigration official listed it on the records as July 4.

"Maybe it'll make a patriot out of him," he remarked.

The problem of making patriots out of the tens of thousands of Eastern European Jews then fleeing to America from Russian persecution was not seriously considered in those days. The concept of America as a melting pot had long been accepted. The Irish and the Italians had been coming for years. The nation was still growing and well able to handle all newcomers.

Tired, frightened, and more than a little awed, the older generations gave no trouble. They settled in ghettos similar to those left behind and found comfort in old ways, old associations. Of the New World they asked only peace and a chance to survive in the pattern established centuries before. Their children, however, had other ideas.

Money had been needed to survive in the old country. It had purchased protection from the ignorant population, from hostile officials of corrupt governments. The lowest of the low, no Jew had dared appeal to law or force for his basic rights. The bribe had become his basic tool.

In the new land, however, the children of immigrants soon recognized that more than immunity from persecution could be purchased. Properly used, money could be an instrument for power in a society where wealth was easier to achieve. And with power still more money could be made and more power obtained.

Meyer Lansky, as Maier soon called himself, was physically unimpressive. At maturity he stood only 5 feet 4¼ inches tall and weighed less than 136 pounds. But his brown eyes were sharp beneath a mop of brown hair, and his face had a pinched, hungry look. His teachers in Public School 165 and, later, in Public School 34 recognized his intelligence. He was eager for knowledge. At the same time they noted a passion for secrecy and a self-control that seemed remarkable in so young a boy.

Despite his size, his classmates respected him and even the bullies of the schoolyard sought his friendship. Meyer Wassell, an oversized boss, took orders from Lansky on occasion. One day a teacher asked why.

"The little guy has brains," said Wassell.

Friendships made in those days survived for years. Indeed, some of Lansky's classmates ultimately became part of his organization and their loyalty remained steadfast.

More than fifty years later, Wassell was operating the plush Singapore Motel in Bal Harbour, north of Miami Beach. It was Lansky's headquarters, a fact Wassell defiantly admitted. At the same time he deposited a check for $25,000 with the local Optimist Club to be held until someone could prove that organized crime had anything to do with the motel. It was a safe gesture. Long before, Lansky had learned the arts of insulation. He owned men, not property, and they were bound to him by bonds of respect, loyalty, and fear. In Wassell's case, as he freely acknowledged, the bonds went back to Public School 34 in New York.

Yet life was hard for the young Americans in those early days. It was also an intoxicating period for them. Freedom was more than a word. Their parents, old and somewhat apprehensive, could not control them, and the code of the concrete jungle prevailed. It was every man for himself with no limitations except those of luck and intelligence.

Meyer pleased his parents by graduating from the eighth grade of PS 34 in 1917. They found him a job with a tool and die maker. Skilled with his hands, young Lansky showed promise, but he had no desire to remain long in a position involving hard work and low pay.

On October 24, 1918, the world changed for Meyer Lansky. Tools in hand, he was going home from work when from a deserted house a woman screamed, a man cursed in Italian, and the woman screamed once more.

Then, as now, reckless is he who investigates a disturbance in the byways of New York. Perhaps Lansky was bored, perhaps just curious. He stepped cautiously through the sagging door and came upon a bizarre scene.

Sprawled on the floor was a small black-haired boy of about twelve. The fly of his blue knickers was open, and his swollen penis jutted through it impressively. A girl-woman lay beside him, her skirts high enough to expose the pink bloomers beneath. Towering over both of them was Salvatore Lucania who at age twenty-one had a bad reputation. Even as Lansky watched, Lucania kicked the woman in the side.

"You bitch!" he shouted.

And now Lansky realized the woman was laughing through her tears.

"I didn't mean anything," she spluttered. "He was so cute."

The boy crawled to his feet. His face was a pale yellow, but a knife gleamed in his hand. He gathered himself into a crouch, ready to spring.

Lansky opened his toolbox and grasped a small crowbar. "Hold it," he said.

Lucania whirled to face him. The woman broke into hysterical laughter.

"Another hero," she said. "He's cute too."

His face expressionless, Lucania stepped backward and down. His heavy shoe crashed into the woman's face. Blood spurted from her nose and mouth as the laughter ceased.

The boy leaped forward. Lucania brushed him aside, but even as he did, Lansky charged. The crowbar thudded against the older man's head and sent him staggering.

At that moment the cops arrived.

The boy gave his name as Benjamin Siegel and was released. The woman was taken to the hospital. Lansky and Lucania were taken to the station house and interviewed separately by Irish cops. After several hours Lucania was released. Lansky was charged with felonious assault and placed in a cell.

It didn't seem quite fair to the eighteen-year-old, but he asked no questions. After all, he had used a crowbar to interfere in a matter that was none of his business. Four days later, Judge McAdoo listened to his story and reduced the felony to a misdemeanor—disorderly conduct. His father made bond. Three weeks later Lansky appeared before Judge Mancuso and was fined two dollars. Benjamin Siegel testified on his behalf, and the judge made no attempt to conceal his amusement.

"You boys have bugs in your heads," he said. "Go and sin no more."

For a time thereafter, Siegel and Lansky were known collectively as the two Bugs and individually as Bugsy Siegel and Meyer the Bug. Siegel never lost the nickname and at times seemed to be trying to live up to it, but Lansky proved in time that the title was unjustified as far as he was concerned.

The incident brought him a devoted follower who would ultimately become a partner and finally a rival. Although he didn't know it until later, it also brought him the respect of the man who would later be known as Lucky Luciano.

An ironic sequel to the affair developed eight years later. Siegel, now twenty years old and a grown man, met the discarded girlfriend of Lucania in a bar one night and recognized her—through her broken nose—as the woman who had tried to introduce him to sex. She was married, the mother of two, and more than slightly stout. But Bugsy believed in paying his debts. When the woman left the bar, he followed and on a dark street raped her. Better late than never was his motto.

The husband, greatly daring, brought charges. But Lansky had a chat with him and the charge was dismissed. For Bugsy it was the first of many arrests. He beat them all, including one for murder, with similar ease.

But all that came later; in the months following the clash with Lucania, Meyer walked carefully. To supplement his small salary, he organized a floating crap game. It was small-time stuff but not so small as to escape the attention of the local collector for Joe Masseria. Rapidly on his way to becoming Joe the Boss, Masseria was moving into the vacancy left by the conviction of Ignazio Saietta, the Mafia boss known as Lupo the Wolf. In his quest for power, no illegal activity, however insignificant, could be left to operate independently. Masseria had to have his cut.

When the collector, a typical Mafia punk whose name is unrecorded, tried to cut in on Lansky's game, Meyer called on the services of Phil "the Stick" Kovolick. Phil took care of the collector with one blow, but other Italians joined the fray and a free-for-all developed. The fight occurred in a sort of no-man's-land between rival Jewish and Italian gangs. The police were forced to intervene, and once more Lansky found himself before a judge on a charge of disorderly conduct.

Almost two years had passed since the episode with Siegel, but the judge remembered the incident. Once again he fined Lansky two dollars.

Waiting outside the courtroom was Lucania. Meyer stiffened at the sight of him, but the young Italian with the pouting lips and the harsh voice grinned.

"Take it easy," he said. "I ain't sore or anything. I just wanta talk to you."

A long conference followed. It began in a nearby bar and continued until late that night in Lucania's apartment. The two young men discovered they had much in common—a hunger for power and a contempt for what Lucania called the Mustache Petes. By that he meant the older generation of gangsters and especially the leaders of the Mafia who carried on in the ancient traditions of Sicily as if unaware of the grander opportunities of the New World.

It was Lucania's thesis that, with the coming of Prohibition, those opportunities would be greater than ever. Yet the bosses were more interested in prestige than real power—they wanted their cut of crap games and ignored the real money to be found in booze, nightclubs, and labor rackets.

Two major gangs were in the process of formation. Masseria was attempting to take over the Mafia, but there were younger men who resented his bloody old-fashioned ways and—when the right time came—would make their bid for power. Lucania named some of his potential allies—Frank Costello, Vito Genovese, Joe Adonis, and Albert Anastasia. In the Jewish underworld were such men as Arnold "the Brain" Rothstein and such lesser lights as Abner Zwillman, Louis Buchalter, and Abe Reles.

As Lansky listened silently, Lucania poured out his dream. If the Mustache Petes had their way, the two groups would inevitably come to blows. There was no need for this. Instead of stupid, expensive war, there could be an alliance; each side could help the other. And when eventually the bright young men on both sides gained power, they would have New York at their mercy.

Lucania had been watching Lansky since the affair two years before. He knew Meyer had guts, and after careful study he decided he was also smart.

"It'll take time," said Lucania. "Maybe years. We gotta build slow and careful—you in your world and me in mine. In a way you've got it easier. Your people have brains and can be led if you show them how to make big dough. I may have to do a lot of killing before I get control, but I'm willing."

Lansky was willing, too. Lucania had chosen wisely, for Lansky, though younger by five years, had been thinking along similar lines. More rootless than Lucania, less tied to tradition and ritual, he saw himself a wolf among sheep. Despite the birthdate given him, he was no patriot in the conventional sense. If America had a meaning, it was the freedom to make his own way. Why should he be bound by the rules and laws imposed by others after they had made their pile?

So the two young men dreamed that night, dreamed of power and wealth, and they also made plans. Lucania would give orders that Lansky was to be left alone. No more tribute would be demanded. In addition to his gambling, which would be expanded, Lucania would arrange for him to handle some heroin. The quick money was in dope. Lansky, meanwhile, would assemble an organization and expand as rapidly as possible. When needed, his services would be available to Lucania in special situations.

"Pick young guys," advised Lucania, "and train them right. They don't have to have moxie—you supply that—but they will need guts. Take that crazy kid, Siegel, for instance. He worships you."

"Hell," said Lansky, "he's only fourteen."

"And you're eighteen," said Lucania. "So what? We've got plenty of time."

The Brain, as Arnold Rothstein was known, laid the foundation for the fantastic profits of Prohibition, yet Waxey Gordon—whose real name was Irving Wexler—deserves credit for the idea. A loner who always demanded control of his operations, Rothstein was a living legend as the man who fixed the 1919 World Series. Basically a gambler, Rothstein had access to the cash and the political protection needed for big deals in other fields. So when Waxey decided that rum-running rather than the manufacture of rotgut offered the best chance for wealth, he took his inspiration to Rothstein.

The trouble with any such valid scheme was the difficulty of keeping it for oneself. Rothstein created an organization to buy liquor by the shipload in England and distribute it to eager buyers in this country, but soon the field was crowded. Some of the rivals, such as "Big Bill" Dwyer and Owney "the Killer" Madden, were good businessmen, while others attempted to get rich quick without proper preparation or resources. After ten successful voyages, Rothstein withdrew and turned instead to the wholesale smuggling of narcotics. As a pioneer, he made a lot of money, and others who followed his example in years to come made more.

Even after withdrawing from run-running, however, Rothstein made money from booze. As soon as his imitators became active, Rothstein organized hijacking on a big scale. Let others invest money and take the time and trouble to bring in the liquor. It still had to be unloaded, carried to warehouses, and eventually sold and delivered. A few tough, armed gangsters could seize the precious cargo and sell it for the same price with none of the overhead.

Ideal for his purpose was John T. Noland, the notorious Legs Diamond. Legs was an outlaw's outlaw; he enjoyed the action as much as the profits. Working with him for a time were men who would become equally famous—Arthur Flegenheimer (Dutch Schultz) and Lucania. The emphasis was on guts, guns, and fast cars.

And opportunity knocked for Meyer Lansky.

In 1921, a year after his first conversation with Lucania, Meyer quit his routine job as a tool and die maker to become an auto mechanic. Soon he had a reputation as a master of the Model T.

(The automobile, it should be noted, helped revolutionize crime. It was essential to the transportation of bootleg booze and permitted gangsters to range farther and farther while making hits and pulling jobs. Moreover, the sucker had greater mobility as well. No longer was it necessary to have a brothel or gambling joint in each neighborhood within walking distance of the customers. Joints became fewer and plusher. In time, in many cities the joints were moved to the suburbs where protection was cheaper and more reliable. Later, as the airplane came into more general use, and better cars and roads were built, a system of regional vice centers developed in the United States. Each drew customers from the several nearby states. In the 1940's such cities as Hot Springs, Arkansas; Newport, Kentucky; Biloxi, Mississippi; and, of course, Las Vegas and Miami Beach became famous. Ultimately, as the jet replaced the prop, regional centers were supplanted by international resorts in the Caribbean, Europe, and Asia.)

Meyer Lansky was to play a decisive role in all these developments, but in 1921 his principal occupation was servicing stolen cars. In a few hours he could remove any telltale serial number or other identifying mark, and even change the appearance of the vehicle so the original owner would never recognize it. When needed, Lansky could jazz up the motor to increase it beyond the speed of police cars. He could also build the extra storage space needed for bootleg booze.

But Lansky was more than a skilled mechanic. He was a natural businessman unencumbered with ethics or respect for law and justice. There were plenty of hoods too lazy to steal when they could rent, so Lansky began supplying autos as well as doctoring them. Siegel, now called Bugs by almost everyone—but never to his face—joined Lansky in the auto rental agency. He proved most adept at stealing enough vehicles to meet the demand. A customer could order almost any make or model in the morning and pick it up the next day, complete with technical improvements provided by the skilled mechanics who now worked under Lansky's direction. If in the course of business the car became hot, it could be returned for remodeling.

The next step was obvious and provided the basis for the formation of the Bugs & Meyer Mob. Using the rental business as a base, Lansky began contracting to haul booze. If a gangster was expecting a shipment, he could hire Lansky to pick it up at the designated place and haul it to its destination. For added fees, Lansky would provide enough men to ride shotgun and thus guarantee delivery. If, on the other hand, the hood wanted a rival's shipment hijacked, Lansky could provide the muscle and the machines to do it.

Young, daring, and completely ruthless men were needed. Thanks to Lucania's advice, Lansky had been carefully selecting men for several years. His gang soon acquired a reputation for courage, audacity, and efficiency. Lansky, meanwhile, built up a personal reputation of being a man of his word. He lived up to his contracts to the bottle and to the bond. In a society where the double cross was the rule rather than the exception, this reputation for honesty became a tremendous asset. In decades to come, in multimillion-dollar deals, the word of Lansky was enough. As much as anything, it made him a leader respected even in the Mafia, where the stab in the back was considered admirable as long as it was successful.

From the activities of the Bugs & Meyer Mob eventually developed Murder, Inc. Lansky and Siegel proved that controlled violence, even murder, could be profitable; but as they moved up the ladder to leadership, and organization replaced chaos, the bribe largely supplanted the bullet. Specialists in violence remained, but they became an elite group concerned more with internal policing than with external aggression.

The Bugs & Meyer Mob in the mid-twenties was not adverse to free-lance activity. If between contracts there was time to spare, a loft job or a bit of hijacking on their own was in order —after all, they had payrolls to meet.

On the whole, morale was high in the Bugs & Meyer Mob. The men considered themselves specialists and were convinced their continued value depended on giving full service on contract jobs. The mood was different, however, when called upon to work for themselves. Understandably, perhaps, some men felt they deserved a cut of the profits, and one or two even attempted to take it.

Such a man was John Barrett, an ex-con whose uncle first hired Lansky and taught him the tool and die business. No doubt Barrett thought that sentiment was on his side, but he underestimated Lansky—a man who didn't cheat and had no intention of being cheated.

The loft job had been a big success. It was fingered by Jake Lansky, Meyer's hump-shouldered and dense younger brother. Jake had secured a job with the Bronx Fur Dressing Company, and he arranged details that led to the profitable venture. Upon checking the loot, however, Jake reported that some valuable furs were missing. Suspicion pointed to Barrett.

A few nights later, leaders of the gang met at the home of Louis Buchalter—later to be feared as the terrible Lepke. While not a member of the mob as such, he was a close friend of Lansky's and a power among Jewish gangsters. His advice was wanted, especially since the accusation had been made by Jake, and Meyer wanted to be completely objective.

It was more of a court-martial than a trial and it didn't take long. Faced with the cold-eyed Lepke, Barrett soon confessed his crime.

"It ain't fair," he blurted, "for us to take all the risks while he"—gesturing at the impassive Lansky—"gets most of the gravy. On jobs like this there ought to be a better split."

"Balls," said Bugsy, who took more risks than anyone.

Siegel owed Barrett $2,500, but of that he said nothing. Some thirty years later, Barrett told the story to the FBI and complained the debt was the real reason for the trouble. By then, of course, Siegel was dead and Lansky was more powerful than ever.

The decision was quickly made. The men went out to their car. Bugsy took the wheel as usual. The Lansky brothers and their chief gunman, Sam "Red" Levine, got in the back. The trembling Barrett had no choice but to take the dangerous seat beside Bugsy. He sat waiting for what he was sure would follow —a bullet in the back of the head.

That very subject was being discussed. Levine, an efficient killer, wanted to do it that way. Meyer, the efficient businessman, saw no need to get blood all over the car and make necessary an expensive cleaning job.

"Hit him on the wing," ordered the boss.

A few blocks from Lepke's house, where a Jewish ceremony known as *bris* was occurring, Siegel slowed the big car to a crawl.

"Get out," he told Barrett.

Puzzled but relieved, Barrett jumped from the still moving car. He landed on his feet and kept moving. From the back seat, Red Levine took target practice. The first bullet struck Barrett in the body. He spun around, staggered to the gutter, and dropped. Satisfied, Siegel gunned the motor and the car sped away.

It was not very efficient, and Siegel blamed Lansky. For Barrett wasn't dead. Police found him a few minutes later and rushed him to a hospital. On the basis of his mumbled remarks, a search began for the gunmen. But the search wasn't pushed with much vigor; Barrett was an ex-convict, a punk, and gang killings were too common to get excited about.

Nevertheless, Siegel and the Lanskys had to take precautions for a few days. Siegel resented it, blaming Meyer's small economy for the trouble. Meanwhile, in the hospital Barrett made a quick recovery. Police urged him to sign a complaint, which he promised to do upon leaving the hospital. After all, he explained, he wanted to be in hiding when the cops went after the Bugs & Meyer Mob. It sounded logical enough.

Shortly before Barrett was to be released, Daniel Francis Ahearn came calling with a covered dish of *chiboni*. It was liberally dosed with strychnine, sprinkled on by that master chef Meyer Lansky. Barrett expressed thanks but no thanks—he just wasn't hungry. Ahearn left the food behind just in case, and Barrett told a nurse to put it in the garbage can.

Nevertheless, he got the message, and when the cops returned, he told them he had changed his mind about signing a complaint.

Much has been written of *omerta,* the legendary code of silence imposed on Mafia members, but it isn't peculiar to the Mafia. Most criminals refuse to talk. Basically, they consider their affairs are none of the square world's business. To be called a stool pigeon is the worst insult in the underworld jungle; many non-Mafia gangsters have gone to the chair unwilling to talk. On the other hand, plenty of Mafia hoods have broken *omerta* to save their own skins.

Barrett did not talk and lived to be reinstated in the good graces of Meyer Lansky. His uncle, who had been a second father to Meyer, interceded. Barrett returned the stolen furs, and nothing more was said about the debt Siegel owed him —apparently that was considered canceled by Bugsy's speed in driving away before Levine could put another bullet in him.

There was a strange sequel to the affair in 1928, however. A rare argument between Lansky and Siegel developed, and the reckless Bugsy accused his partner of being soft. To rub it in, he recalled the Barrett episode. Lansky only smiled, knowing full well the younger man would soon calm down and apologize.

Present during the argument was Ahearn, the man who delivered the poisoned chicken to Barrett. Not understanding the real affection between the two men, or perhaps seeing a chance to become a hero, Ahearn slapped Bugsy and ordered him to shut up.

The handsome Siegel went white with rage but turned on his heel and left the room. To Ahearn's surprise, Lansky also walked away without a word.

Next evening Ahearn was walking along Broome Street on the Lower East Side. It was almost midnight. A car driven by Jake Lansky drove alongside Ahearn. Siegel sat beside Jake—on this trip he wanted his gun hand free. Barrett, the cause of all the trouble, was in the back seat with another man.

The car stopped. Siegel stepped out and shot Ahearn twice—in the face and arm—got back into the car and rode away. The cops arrived and so did Pete Bender, a friend of Ahearn. In answer to the inevitable question—who did it?—Ahearn muttered Lansky's name. It was Lansky's fault, he felt, for not appreciating Ahearn's efforts and for not stopping Bugsy.

On March 3, 1928, Lansky was charged with felonious assault pending the outcome of Ahearn's battle for life. Meanwhile, Bender, another would-be hero, went gunning for Lansky. He didn't return. Next day the felonious assault charge was dropped and replaced with a charge of homicide. Word was that Lansky had killed Bender. But informants could whisper all they pleased; no body and no witnesses were found. Three days later, all charges were dropped and Lansky went back to his home at 125 South Third Street, Brooklyn, a free man.

Ahearn lived and in 1957 told the true story to federal officials, then trying to find grounds on which to deport Lansky. But Bender was never seen again. This time, or so went the gossip, the guns of the Bugs & Meyer Mob had been more accurate.

By 1928 the confusion of the early years was coming to an end. Following Rothstein's withdrawal from the business, Frank Costello and William "Big Bill" Dwyer emerged with the best organization, and despite the hijacking efforts of Legs Diamond it continued to grow. Eventually Rothstein withdrew his support of Legs, and the white-haired young man became a target. He proved agile enough to survive Rothstein, however, but was finally blasted in the bed of his mistress by a team of Dutch Schultz's killers.

Late in 1925, however, Dwyer and Costello were indicted on assorted smuggling and bribery charges. Dwyer was convicted a year later, but Costello ultimately beat the rap. He needed allies, so he joined forces with the emerging Broadway Mob headed by Joe Adonis. At a meeting in the Claridge Hotel, where headquarters were established on the twelfth floor, the problems of supply were discussed. Costello's old organization was in shambles and new sources were needed. An obvious one was the Bahamas. The docks in Nassau and West End were loaded with liquor bought in England and Canada, and the Bay Street Boys who ruled the islands were eager to do business. There was one difficulty, however. Sam Bloom of Chicago, backed by the guns of Al Capone, had achieved something of a monopoly in Nassau and was supplying most of the Midwest, including Cleveland, with illicit booze.

Capone was a local boy, however, who had been tutored by Johnnie Torrio—another product of the East Side of New York. What's more, Lucania was his cousin and enjoyed friendly relations. A telephone call was made, and in a few days Bloom appeared at the Claridge ready to talk business. His prices were high, but he agreed to deliver 10,000 cases a month from Nassau.

Conditions being what they were in New York, Bloom decided he needed some local muscle. And opportunity dawned for the Bugs & Meyer Mob. At Lucania's suggestion, the Bugs were hired by Bloom to protect his shipments against hijackers and his person against kidnapping. Quite a kidnapping racket had developed. Inevitably, once an individual achieved considerable wealth in the booze business, he became a natural target of less fortunate gangsters. The law offered such a person no protection. Indeed, the code of the underworld required that police be left out. Sometimes the payment of a large ransom was sufficient, and the beer baron or rumrunner was released. Often as not, however, if his kidnappers feared his power for revenge, the money was taken and the victim dropped at sea with concrete overshoes. In later years those unimaginative gangsters who were unable to adjust to Repeal tried to carry on the racket by kidnapping legit guys or their children, but the leaders of the mob had more sense. J. Edgar Hoover, the youthful head of the FBI, might warn that kidnapping was the new menace, but the emerging crime syndicate knew better.

As usual, the Bugs & Meyer Mob lived up to its contracts. Siegel handled the actual guard duties, commanding a crack group of killers so tough that even the Dutchman, as Schultz was called, shied away. Lansky played the part of the diplomat. In his calm, reasonable fashion, he was able to dissuade rival gang leaders from attacking his convoys by pointing out that all would profit if a reliable source of booze could be maintained.

Not only did Lansky win immunity from attack, but also in many cases he persuaded the rivals to join the Combination, as it was becoming known. Charles "King" Solomon of Boston was one of the first. Solomon's sphere of influence included most of New England, and on his team were such stalwarts as Joe Linsey, Hyman Abrams, and Mickey "the Wise Guy" Rocco. Lansky's friendship with these lieutenants was to outlast his association with Solomon.

Similarly, a working agreement was reached with the Cleveland Syndicate headed by four men of Jewish extraction: Moe Dalitz, Morris Kleinman, Sam Tucker, and Louis Rothkopf. They had achieved domination of the smuggling trade over Lake Erie from Canada and were men after Lansky's heart. Willing and able to use violence if necessary, they depended largely on logic to convince Mafia elements of the Mayfield Road Mob to cooperate for the common profit. Such tough gangsters as Tony and Frank Milano, Al and Chuck Polizzi took orders from Dalitz and Company and got rich.

Even the flood of booze across Lake Erie was insufficient at times to meet the demand and had to be supplemented. Lansky worked out an arrangement whereby the boys could buy from New York in times of shortage and, conversely, sell to New York if a shortage developed there. It was a profitable deal and led to a lasting alliance that has continued until this day.

Bloom was quite shocked, however, when Lansky submitted his first expense account. It totaled $30,000. He demanded that the Combination pay it. Lucania, seeing an opportunity, suggested that Lansky and Siegel be brought into the outfit as equal partners. After some grumbling—and several more expense accounts—his plan was accepted.

Within a few months Lansky knew more about Bloom's business than did the gentleman from Chicago. And suddenly

Bloom, who no longer had a contract with the Bugs & Meyer Mob, began having problems. Somehow, part of his shipment vanished en route to New York. He demanded payment for the missing cases, claiming with some justification that it was the Combination's duty to protect the cargo. Leaders of the Combination stalled. By 1929 Bloom claimed they owed him $500,000.

One day, Joe Adonis walked into the headquarters and asked for $100,000 to be paid to Bloom on account. The Combination's accountant handed it over. That night Bloom vanished from his apartment at 307 West Seventy-fifth Street and was never seen again.

Lansky and Siegel departed on a long trip to those ports in South Carolina and Florida where Bloom's liquor had come ashore. They visited the Bahamas. When they returned, they brought bills of lading for future shipments of booze.

Leaders of the Combination were impressed. Lucania was exultant. Lansky asked whether they were ready to take on Joe the Boss. While Lucania stalled, Lansky announced he thought he'd get married.

# 2

UNLIKE his partner, Bugsy Siegel, Meyer Lansky had no need of sexual conquests to boost his ego. Observation, along with a superficial study of history, had convinced him that men who depended on women for emotional satisfaction were insecure, a little unstable, lacking in the ability to be objective. The endless boasts about broads, the crude jokes, bored him.

Sex, Lansky decided, was a destructive impulse unless kept under rigid control. Like too much drinking, like the use of drugs, it could make a man vulnerable. Napoleon he admired for divorcing his wife in order to assure an heir. Octavius, he thought, set an example for strong men by ignoring Cleopatra's charms.

Siegel he considered a young rooster; Lucania could be diverted from serious business by the sight of a fresh piece; on the other hand, Lepke had control and profited by other men's weaknesses.

Lansky's goal was power. Before he could control others, he knew he had to control himself. Sex could not be ignored, but it could be mastered. The best solution was to find a wife, make her happy with a home and children, and put intercourse on a regulated basis.

In Anna Citron, Lansky thought he had found the ideal wife. She was attractive, with dark hair and eyes, a little plump, and could satisfy a man without exciting his passions. Devout, a bit old-fashioned, she wanted only to be a Jewish mother. A good cook, naturally, she would be more concerned about what he ate than what he thought. Furthermore, her father, Moses, was enjoying a modest success in the produce business. He would welcome financial help, even accept his son-in-law into the family business and thus provide a useful cover in years to come.

The couple were married on May 9, 1929, and took their honeymoon in Atlantic City, where the bridegroom had urgent business. Meyer promptly went on the payroll of Krieg, Spector & Citron, 727 Monroe Street, Hoboken, New Jersey. In time, he was to form with his father-in-law such firms as Elaine Produce and Fruit Company and Lansky Food Company, Inc., Moses Citron soon found himself an officer of Molaska, Inc., which, while allegedly engaged in making powdered molasses, actually operated the largest illicit distilleries ever found in this country. Partners in Molaska were Lansky's friends of the Cleveland Syndicate, although, like Meyer, they used respectable nominees as fronts.

Atlantic City, the site of the couple's honeymoon, was the domain of Enoch Johnson, known far and wide as Nucky, which was short for Knuckles—brass knuckles, that is. Johnson ruled a criminal-political empire similar to that enjoyed by Frank "Boss" Hague in Jersey City and Tom Pendergast in Kansas City. His word was law, and he took his tribute from every legitimate business and every racket operation in his resort town. Gangsters could meet in Atlantic City without worrying about nosy cops or prying reporters. Besides, Nucky, who was quite the ladies' man and enjoyed steak and caviar, could be depended on to entertain the boys in style.

Various writers over the years have credited the inspiration for the gangland convention held in Atlantic City to Costello, Lucania, or Al Capone—depending on whom they were attempting to portray as the boss of all the bosses. Lansky was no boss, but the inspiration for the gathering was his. It grew out of his travels for the Combination in New York which had taken him from Boston to the Bahamas, from Philadelphia to Kansas City. While Mafia elements were represented, they were in the minority and certainly didn't dominate the convention.

As Lansky explained it to Lucania, the meeting on its surface would be designed to create a national combination, outside the Mafia, to facilitate distribution of booze and eliminate some of the expensive competition that drove up the wholesale price in Canada, the Bahamas, and England. If it also developed a power base which Lucania could later use to challenge the authority of the Mustache Petes, especially Joe the Boss, so much the better.

"We get the idea that New York is the world," said Lansky. "It ain't. There's plenty of money and muscle out there in the sticks. If we can get it on our side, then we'll be ready for the showdown."

"Makes sense," admitted Lucania. "Only Masseria's going to be sore as hell if I go and he ain't invited. He's got a lot of trouble on his hands now with this bastard Maranzano. Any day now he's going to order a purge."

"We'll invite Capone," replied Lansky. "Joe won't dare object to that, and you'll be protected, too. You're his cousin, ain't you?"

Lucania grinned. "Well, sort of, in a left-handed way."

Capone at that time enjoyed—and the word is meant literally—a national reputation for ferocity. Mafia members were so proud of him that Capone, although a Neapolitan by birth, was belatedly admitted into the Honored Society. He achieved only the rank of *capo decina*—head of ten—and his power rested on a combination put together originally by his mentor, Johnnie Torrio. Irishmen, Jews, and Italians made up the Chicago Syndicate, and the Mafia, as such, was relegated to a secondary role in the life of the Windy City. Capone had more to fear from George "Bugs" Moran than the Mafia.

Lansky, who learned from his travels, considered Paul "the Waiter" Ricca and Jake "Greasy Thumb" Guzik the real brains of the organization, but he knew that in the eyes of the press, the public, and many uninformed gangsters the Big Fellow was the man to fear. So Capone was invited—and upon arriving in Atlantic City promptly got his picture taken strolling the boardwalk with Nucky Johnson.

The Hotel President was the scene of the convention. The New York delegation included Adonis, Costello, Lucania, Lansky, Lepke, and various minor characters, such as Larry Fay and Frank Erickson. In addition to Capone, Guzik was there. Cleveland sent Lou Rothkopf and Moe Dalitz along with Chuck Polizzi, whose real name was Berkowitz. Joe Bernstein led a delegation from the Purple Gang of Detroit, operators of the Little Jewish Navy on Lake Erie. King Solomon came down from Boston. Nig Rosen and Max "Boo Boo" Hoff were there from Philadelphia, where Lansky's influence was strong. Pendergast sent his enforcer, John Lazia, from Kansas City. New Jersey was represented by another friend of Lansky's, Abner "Longie" Zwillman, who was scheduled to replace Dutch Schultz and Waxey Gordon just as soon as those bitter rivals killed themselves off.

Once the liquor problem was discussed and loose agreements reached, the farsighted Lansky brought up the subject of gambling. Prohibition, he knew, was doomed. Sooner or later the public would demand an end to rotgut, an end to violence. The cartels agreed upon might delay the inevitable, but it would come sooner or later. There was no reason, therefore, not to look ahead and agree on ways and means to exploit another of man's vices—the lure of cards and dice, the bet on fast horses and baseball games.

Adding some urgency to the problem was the vacuum left by the murder of the Brain a few months before. Arnold Rothstein, the man who had showed the way in sports betting, in rum-running, in narcotics smuggling, had been murdered on November 4, 1928, in the Park Central Hotel. Through circumstance rather than design, he had become layoff bettor for the nation. Bookies around the country, finding themselves with more bets than they could afford to lose, turned to Rothstein. He filled a need which he had helped create, and the need remained after he was gone.

Erickson got the job—on recommendations of Costello and Lansky—and he handled it well. But the business grew too large for one man and, in time, Rothstein's shoes would be filled by such men as Ed Curd, "Big Porky" Lassoff, and Gilbert Lee Beckley. Only to Beckley was Rothstein's old nickname, the Brain, applied.

On the whole, Lansky decided, the meeting was a success. No formal organization was created, and indeed the idea of cooperation on a regional basis was too much for some of the delegates to grasp. New York was not the only provincial city, Lansky concluded. Yet a beginning had been made that in time and with changing circumstances might lead to better things.

More was achieved in private discussions with individual groups. The working alliance with the Cleveland Syndicate was tightened. In Dalitz and Rothkopf, Lansky found businessmen after his own heart. They believed in avoiding publicity, in eliminating unnecessary violence, in using the bribe to obtain political power. During the early years of Prohibition, the corn-sugar barons of the Mafia fought many bloody battles until the homicide rate of Cleveland approached that of Chicago. With the coming of the Cleveland Syndicate, however, the bribe replaced the bullet, and even Mafia members agreed to forget their vendettas as Dalitz and Company showed that in cooperation there was wealth enough for everyone.

The problem of the Mafia was much discussed in those private talks. Everywhere there was resentment at the stupidity of Old World *capos* who put personal dignity ahead of mutual profits. The eternal civil wars created constant heat, and while useful in diverting public attention, the intrigue was bad for business. In almost every city there were young Italian-Americans who felt like Lucania, but the risks of open warfare were still too great. Nevertheless, as Lansky talked to Dalitz and

Rosen and other men of Jewish background, Lucania laid the basis for mutual action among the Young Americans of the Mafia.

Lansky had another problem. His bride, while not by nature a demanding woman, felt somewhat neglected as night after night her husband stayed out late "on business." Some inkling of that business came when Capone's picture was published in the newspaper. Even in her protected circles, Anna had heard of Capone. And she was shrewd enough to guess that the presence of her husband and "Scarface Al" in the same city at the same time was no coincidence.

Anna in her quiet way was an old-country person. The Law, she believed, was meant to be obeyed. Those who defied it offended the God of Moses and would be punished.

"You'll bring down a curse upon this house," she told him.

Lansky then asserted his rights as head of the house. It was up to him to make decisions, to provide. Her duty was to be a good wife and mother and to keep her mouth shut about things that were none of her business.

Anna, while deeply disturbed, had to agree. Meyer was her husband. Around him and the children who would come, her life would center. She would pray for him, put her trust in the Lord God, and take in stride whatever burdens time would bring.

But she would worry.

Lansky, self-sufficient as he tried to be, could only feel regret at losing something of value; yet the choice had been deliberate. His regret was a weakness, he decided, for which there would be compensations. Not even Meyer Lansky could have everything.

The winds of change were blowing. They would bring disaster to millions, but for those smart gangsters with bootleg profits stashed away, it would mean new opportunity.

Jimmy Walker, the wisecracking friend of gangsters, was still mayor of New York. An embittered Al Smith, licking his wounds from his defeat the year before, was supervising the destruction of the old Waldorf and planning the Empire State Building which would arise on its site. Franklin D. Roosevelt was governor and looking ahead to 1932. Herbert Hoover wasn't worried, however, and assumed that Republican prosperity was divinely inspired and would continue as long as the nation put its faith in profit.

On the other hand, unemployment was going up and industrial production was going down. Yet in Owney Madden's Cotton Club, Herman Stark, the manager, found no one worried. Bootleg booze, cut though it was, went down the gullets as fast as it could be brought ashore from Rum Row or hauled up the coasts from the receiving ports. In years to come, Stark would work for Lansky in plush casinos in Las Vegas, the Bahamas, and Havana. His son would become an attorney representing top syndicate hoods. Madden would soon retire to Hot Springs, Arkansas, where in partnership with Lansky he would operate a miniature gambling empire for decades.

Meyer Lansky, American citizen—he had been naturalized in Brooklyn on September 27, 1928, as a prologue to marriage—kept open the pipelines to the allies he had made in Atlantic City and waited for hell to break loose. The Mafia, as usual, was causing problems. A new rival of Joe the Boss had appeared, and a major civil war broke out. Salvatore Maranzano was willing to kill anyone, including Lucania and his Jewish friends, to unseat Masseria. While most of the bodies littered New York streets, the fight was nationwide. Masseria was *capo di capi re*—boss of all the bosses—and while the actual power that accompanied the title was small, the lines of blood reached into many cities where individual *capos* owed personal loyalty. The struggle was basically between Masseria and natives of Castellammare del Golfo who followed Maranzano to avenge the murder of Gaspare Milazzo, *capo* of Detroit. Yet, as always, individual *capos* sensing a chance for personal profit took sides with the man they thought would win.

To get Masseria, decided Maranzano, it was necessary to eliminate his right hand—Lucania. So in October, with Black Tuesday just days away, Lucania was taken for a ride.

The word came to Lansky in the Claridge Hotel. Lucania had been slugged on the corner of Fiftieth and Sixth avenues, just off Broadway, and thrown into a big black car that came out of nowhere seconds earlier. The message came from one of Lansky's men assigned without Lucania's knowledge to keep an eye on the Mafia underling. He was not a bodyguard—to have assigned a Jewish gunman to protect Lucania would have cost Lansky's friend a ton of respect.

Meyer reacted by calling a well-paid stooge in the police department. New York's finest under Mayor Jimmy Walker were not all clowns, but many had their little tin boxes buried in their backyards and plenty of Lansky money was in some of those boxes. A description of the car was flashed, and in short order it was located. The curtains were drawn and only the driver was recognized, but he was identified as a Maranzano gun.

A second call had gone to Bugsy Siegel to stand by with all the resources of the Bugs & Meyer Mob augmented by the Combination. On receiving new word from Lansky, a fleet of cars was put into action. One tailed the mystery car for a while, then dropped off and was replaced by another. Siegel wanted to move in, ram the Maranzano car, or block its path. At any moment, he pointed out, Lucania might be shot and pushed from the car.

Lansky vetoed the idea. Had the immediate objective been Lucania's death, he could have been killed on the spot. Something more was indicated. Maybe Maranzano wanted to talk to Lucania in person. Maybe he was to be held for ransom.

Lansky ordered the impatient Bugsy to hold his horses and find out what they were up to.

Disgusted, Siegel obeyed.

The quiet drama went on for hours. Apparently the driver of the Maranzano car was not suspicious. He drove carefully, stopping for lights, as if his chief concern were a traffic ticket. There was no obvious destination in mind; the men in the car were joyriding.

Soon Bugsy was on the phone from a drugstore. "Look," he said. "Maranzano must be in there with Lucania. They're talking."

"Could be," said Lansky, who had already considered the possibility.

"Then's let's move in and blast him," said Bugsy. "It's too good a chance to miss."

Again Lansky vetoed the idea. Too dangerous; he might hit Lucania.

Again Bugsy obeyed.

An hour later, another report came to the patient Lansky. The black car had stopped beside another car. A man had stepped out and entered the other car which quickly drove away. The man looked like Maranzano, but it was too dark to be certain.

And the car containing Lucania—alive or dead—was headed for the ferry to Staten Island and Huguenot Beach.

"Go after them," ordered Lansky. "Find a good quiet place and cut them off. The talking's done."

Red Levine in the fastest car—it had been jazzed up by that master mechanic Meyer Lansky—was waiting on the street. Now Meyer left the hotel and got in beside Levine.

"Let's go," he said, "and fast."

Levine was a good wheelman, and there was little traffic to slow him. In a deserted parking lot near the ferry three cars were parked. Four men lay on the pavement. One was alive.

Siegel, displaying the skill acquired while convoying countless booze cargoes, had neatly cut off the mystery car, but the driver had turned into the parking lot. A second pursuer had entered from the other side, blocking the exit. The three men inside the kidnap car tried to run for it, but with no Lansky to restrain him, Siegel and his allies opened fire. The men dropped instantly.

Even as Lansky arrived, Lucania was being pulled from the back seat. He was a sorry sight.

Adhesive tape covered Lucania's mouth. His face and head were bruised, his eyes swollen almost shut. A knife wound had opened his right cheek, the cut stretching from his eye to his chin. There was blood on his shirt and tiny holes as if he had been pricked with an ice pick.

As Lansky bent over his friend, Lucania groaned and tried to open his eyes. It was difficult, but he recognized Lansky and managed a grin.

"Maranzano," he said. "He wanted me to tell him how to find Joe the Boss."

"Why didn't you?" asked the irrepressible Siegel. "Might have saved us all some trouble."

Lucania took him seriously. "He wanted me to take a gunsel in there. I couldn't do that."

Not if you want to be the boss yourself, thought Lansky, but he said nothing. Turning to the silent knot of men, he gave quick orders: Take this heap to the garage, take the stiffs over to Jersey and dump them, keep your mouths shut.

The men moved. They were specialists, handpicked by Lansky. Unlike their colleagues of the Mafia, they considered themselves businessmen first and heroes second. Within two minutes Lansky and Levine were alone with Lucania and Siegel.

Lansky explained that Ben was going to dump him on Huguenot Beach. Lucania should let himself be found by the cops if possible. That should give Maranzano something to think about.

Lucania opened his mouth as if protesting, but Lansky cut him short. He was in no condition to think straight; Lansky would handle things. Besides, they didn't want Maranzano to know his real strength yet. It wasn't time.

"But what'll I say?" said Lucania. "Nobody'll believe I got taken for a ride and lived. It just ain't natural."

"You're just lucky, I guess," said Lansky.

Not only did the ride victim acquire a nickname, but also he changed the spelling of his last name. To the cops who found him when the sun came up, he gave conflicting stories. He had been beaten up for nonpayment of a gambling debt. He had been kidnapped and released to collect a ransom. Take your choice.

The cops didn't buy either version, but they weren't too worried. After getting Lucania patched up, they took him to police headquarters and booked him on an old stolen car charge. The Combination provided an attorney and posted bond. Lucky, as everyone now called him, was quickly back on the street.

A few days later, Masseria was picked up and brought to police headquarters for a conference with high-ranking officials. He was told to stop the war. If he didn't, the cops would arrest every known gangster on sight—and keep arresting them.

Masseria was willing, but it takes two to make a peace. Maranzano ignored his overtures and continued to kill as opportunity offered. Inevitably, within the emotional Mafia a change of sentiment began. Maranzano was on the offensive and more and more members of the Honored Society shifted to his side. Power was all they respected.

While this was going on, on January 15, 1930, Anna unexpectedly began having labor pains. Within a few hours a son was born—at least a month prematurely.

The doctor broke the news gently. Bernard, as the boy had been named before birth, was a cripple.

Lansky had looked forward to a son as other men do, but his dreams were more fanciful than most. He could see his son at West Point. He could see him marrying into a respectable American family.

But Lansky's disappointment was mild in comparison with the reaction of his wife. "It's a judgment," she screamed. "A judgment from God."

Hysteria took control. Screaming loudly, she tried to get out of bed. As nurses restrained her and gave her sedatives, they listened in awe as she shouted of Al Capone, of Atlantic City, and of murder.

Lansky left the room. In his grief there was nowhere to turn, no one to whom he could talk. Brother Jake, big and awkward, attempted comfort, but Jake could not understand. It fell to Jimmy Blue Eyes to guide Lansky from the hospital and into a waiting car. They drove to Boston, where for a week they sat in a hotel room overlooking the Charles River and waited for the grief to pass.

Alo, although a member of the Mafia, was closer to Lansky than anyone else. In this time of trouble he did not try to talk, offered no words of solace or scorn. He was there to see that his friend ate a little each day and to give companionship as needed.

Lansky spent most of the time on the bed, staring at the ceiling. Occasionally he would move to the window and look down on the river where young people skated on the ice and the sound of distant laughter could be heard. Finally, on the last day, Lansky spoke.

"It couldn't be helped," he said. "None of it."

"Right," said Alo. "Now get into the bathroom and clean up."

After a shave and a shower, they descended to the dining room where Lansky ordered a two-inch steak cooked medium rare and covered with fried onions. King Solomon joined them after getting a call from Alo, and business was discussed. Solomon, a man who enjoyed the gay life of nightclubs and was rumored to be his own best customer where booze was concerned, invited them to a party in his Cotton Club. Something in his voice annoyed Lansky, but he declined politely. Meyer gazed after the retreating Solomon and commented quietly that he had about outlived his usefulness.

Alo smiled at this clear proof that his friend was emerging from his depression.

Three years later, to the day, King Solomon was shot down in the rest room of his gaudy Cotton Club—patterned after Owney Madden's more famous establishment in New York. The killing came at 4 A.M., and it was never solved. No one recognized the date as the anniversary of Meyer Lansky's emergence from what he always referred to as Black Week. Only Alo knew the significance of the date and knew how to keep a secret.

Once in a moment of candor, Lansky remarked to him:

"I lost a wife and gained a friend."

They returned to New York together. Lansky had lost weight during his ordeal, and his colleagues noticed other changes as well. He seemed more certain of himself, less inclined to let others push forward. An air of quiet authority could be detected in his voice, in the way he walked. He was somehow colder and more remote.

Anna had also had time to think. No rebukes passed between them and no apologies. Bernard, still in the hospital, got all her attention. He needed her as her husband did not—or so she concluded—and Lansky did nothing to dissuade her. What was past could not be undone, and he would live with it. If love were no longer possible, he would find a substitute. Meanwhile, mother and child would be given every consideration that money could provide.

Of money, at least, there was plenty and there would be more.

# 3

NICOLA "CULICCHIA" GENTILE was a Mustache Pete of the Mafia, but over the bloody years he had demonstrated a certain flexibility that made him useful to the Young Americans led by Lucky Luciano. As a troubleshooter for the Mafia, he served in all parts of the United States. Eventually he fell on hard times, was arrested on narcotics charges in New Orleans. On the bosses' orders, he jumped bail and fled to Sicily. Years later, still resentful, he supplied the FBI with a long account of his career in the United States. The "confession" was written in Italian, but after it was translated by a Sicilian-born special agent, it was read by J. Edgar Hoover. FBI insiders say that Gentile's story finally convinced Hoover that there was a Mafia. The "confessions" were shown to Joe Valachi who in a 1969 letter to the New York Joint Legislative Committee on Crime vouched for their accuracy and said Gentile "wrote just the way it is." Valachi's chief contribution was to supply the name La Cosa Nostra. Gentile referred only to the Mafia and the Honored Society, the real name of the organization.

Thanks to Gentile, however, there exists a firsthand account, never before published, of the intrigue that gave to Luciano and Lansky the opportunity they needed. As *consigliere personale* (personal counselor), Gentile accompanied Frank Milano, *capo* of Cleveland and a friend of the Cleveland Syndicate, to

Boston in December, 1930. A General Assembly of the Mafia had been called there to discuss the Masseria-Maranzano War. As Gentile put it:

"In the Assembly a general confusion reigned. Milano felt lost, but I encouraged him, telling him that little by little he would master the situation and would become crafty like the others. After the meeting opened we discussed what to do regarding the war that had been unchained by Maranzano. We decided to give the mandate to Don Giuseppe Traina, nicknamed Lu Viddanu [the peasant] to form a commission with the authority to go to Maranzano and put an end to this state of war. Traina, crafty as an old fox, asked the Assembly if he had to pick the components of his Commission from the Representatives or from among the Gregari [the soldiers]. The Assembly left him to make that decision. . . ."

Ultimately, Gentile was named to the commission, along with Vincenzo Troia, Toto Lo Verde, Peppino Siracusa, and Salvatore Mangiaracina.

"We made plans," Gentile continued, "and we scheduled to meet after the Christmas holidays in New York at the Hotel Pennsylvania. I was first to arrive. With Traina, who was already registered, we arranged to reserve ten rooms with a drawing room. For the expense I would have to ask him. As soon as the members of the Commission arrived in the rooms reserved for them, we held the first meeting where we established [agreed] to let Maranzano know that all the Representatives of the United States had given us the mandate to confer with him regarding the discord that had arisen. But Maranzano couldn't decide whether to receive us and the days were passing without concluding anything. Once in a while a boy would be killed and with him some innocent citizen. The papers of New York started to get the public opinion in an uproar, asking the responsible organs of the government to put an end to this gangster war that was costing honest citizens their lives. . . ."

Without Gentile's knowledge, and at the suggestion of

Lansky, Luciano went to Chicago and had a chat with Capone. Gentile tells what happened next:

"Being that the head of the Fuoriusciti [outlaws] had not decided whether to receive the Commission, one fine day Paolo Ricca [Paul 'the Waiter' Ricca], acting lieutenant of Al Capone of Chicago, came to visit me and said to me:

" 'I have been sent by Al Capone himself to talk exclusively with you. We of Chicago follow attentively the developments of the situation and we are sure that all the components of the Commission are working in favor of Maranzano. The only one who is faithful to the mandate among all the Representatives is you, for which we invite you to make your voice heard and to set aside the nonsense which does not bring anybody to agreement.'

"He added moreover: 'Either Maranzano decides to receive you or otherwise we authorize you to dissolve the Commission. Maranzano should know of the war we of Chicago will wage, and if it is necessary we will even employ airplanes, because those means are ready and concentrated in a specified place.' "

As a result of the threat from Chicago, Maranzano agreed to meet with the commission. A "fast automobile" picked up the commission members and carried them "to the agreed meeting place." Here is Gentile's description:

"When we arrived it was very dark. We were brought into the presence of Maranzano who appeared in all his majesty with two pistols stuck in his waist and encircled by about ninety boys who were also armed to the teeth. The windows of the establishment were hermetically sealed, so as not to give us a possibility of recognizing the meeting place. I had the impression that I found myself in the presence of Pancho Villa."

According to Gentile, the commission informed the outlaws that it was the General Assembly's wish to make peace and hold new elections to select a new *capo di capi re*. If Masseria "provoked the slightest disturbance" the assembly members would have him and his entire family killed.

"This was all we had to tell him," Gentile explained, "but

Maranzano kept us for four days and nights relating to us the events of the preceding twenty years. He was telling us these stories that he had heard from people who had experienced the events, but in an unconvincing fashion which gave the impression he had read them in a sensational romantic novel. These events had been closed by solemn peace, and peace always ends every quarrel since we are not able to evade the painful consequences of the miserable existence led and the ways and habits of the people operating which are inherent in our nature."

So spoke a Mustache Pete, and the philosophy he expressed summed up well the attitudes of the Mafia, which Luciano and Lansky had vowed to eliminate. Meanwhile, although Gentile was not impressed, the other members of the commission were swayed. Gentile concluded by their remarks when at last they were sent back to New York "that the five had agreed among themselves to eliminate Masseria."

As a result, a new General Assembly convened in New York and agreed to meet with Maranzano to revoke the death sentence imposed upon him earlier. As Gentile described it:

"Our side consisted of about 60 representatives and Maranzano's of about 150 men. The place picked was a hotel on top of a mountain. It was a pleasant vacation resort. In the big salon, an immense table had been placed which we sat around. I happened to sit across from Maranzano and at my side I had Troia."

The wordy Gentile described in great detail the conference that followed, placing special emphasis on his own speeches and his devotion to the "ideals" of the Onorata Società (Honored Society). Near riots developed several times, especially when Maranzano attacked the decision to admit Capone into the Mafia. As the keeper of a *casa di tolleranza* (house of prostitution), Capone was not worthy of membership, Maranzano insisted. Because of him "a lot of good and brave people had been killed and the seven had been machine-gunned to death on the night of Saint Valentine."

The references to Capone were intended to appeal to Mafia spirit since Scarface Al, as head of a combination in Chicago, had killed Mafia figures who got in his way.

Gentile claimed credit for delaying the inevitable and getting the assembly to adjourn back to New York. When it reconvened, more than five hundred delegates were present. Gaspare Messina, *capo* of Boston, presided. Gentile described at length how he turned the tide with his eloquence and won an agreement to ask for a truce of two months from the warring factions. Maranzano was furious when Troia brought the word to him. He shook Troia violently and demanded:

"Where is the death sentence that escaped through your hands?"

On the same afternoon, Luciano and Lansky held a council of war in the Hotel Pennsylvania where Joe the Boss was staying. Upon being informed of developments, Lansky agreed the time for action had arrived.

*"Farlo fuori,"* he said, which in Italian means "Kill him."

"If we don't do it," said Lucky, "somebody else will. It's time to move in."

At this stage of the game, with the control of the Mafia at stake, it was decided that the firing squad should be largely composed of Italian-Americans. To have brought outsiders into such an internal matter would have hurt Luciano's prestige. Yet, at Lansky's insistence, Bugsy Siegel was selected to lead the party. Lansky had no illusions about the emotions or the loyalties of Mafia members—especially when assigned to knock off Joe the Boss.

The execution of Masseria has been told many times. Luciano lured his leader to a restaurant in Coney Island for an old-country meal. The two men played cards for a while as the restaurant emptied, and then Lucky excused himself and went to the men's room. Reasons of sentiment scarcely explain his departure from the scene. Luciano wanted no Mafia member to accuse him of having any physical part in the murder of a *capo* *di capi re.* Only someone understanding the twisted code of the Mafia could follow his logic, but it was good politics under the circumstances then existing within the Honored Society.

The firing squad consisted of Guido (Vitone) Genovese, Albert Anastasia, Joe (Doto) Adonis, and, of course, Bugsy Siegel. All four men, by that night's work, won for themselves high rank in the still-to-be-formed National Crime Syndicate—the NCS, as it was to be known. All would eventually come to grief as they blocked the path of Meyer Lansky, and, significantly enough, the first to fall would be the non-Mafia member, Bugsy Siegel.

Joe the Boss was shot as he sat at the table. Five bullets hit him, and some fifteen others were sprayed around for good measure. As Masseria died, he still clutched the ace of diamonds, and that, in years to come, became a symbol of impending death to all good Mafia members. It came to rank with the aces and eights held by James Butler "Wild Bill" Hickok when shot in the back in 1876.

Luciano testified he heard the shooting, and as soon as he finished drying his hands, he walked back to see what was going on. Unfortunately, he was too late to see the killers.

Gentile, in his autobiography, said that with Toto Lo Verde, *capo* of Chicago, he arrived at the same restaurant a few minutes later.

"We started to go into the restaurant when in front of the door we saw a big crowd. We went on and when we turned the corner, we asked what happened. They answered: 'They have killed Joe Masseria.' Quickly we went to the house of Lucky Luciano. In the meantime Troia arrived and Lucky turned to him and said:

" 'Don Vincenzo, tell your *compare,* Maranzano, we have killed Masseria not to serve him but for our own personal reasons. Tell him besides, that if he should touch even a hair of even a personal enemy of ours we will wage war to the end, and tell him also that within twenty-four hours he must give us an affirmative answer for the locality which we, this time, will pick out.' "

In Chicago Lucky's cousin, Al Capone, got on the telephone to Maranzano and added his influence to Luciano's demand. A new General Assembly was called for Chicago at the Lexington Hotel. Capone, still trying to be a big shot in the Mafia, promised to pay all expenses. Capone even then was under federal indictment for income-tax evasion and in two months, convinced that a deal had been made, would plead guilty, only to withdraw that plea upon discovering the deal was off. In six months he would be found guilty and sentenced to prison, but at the time of Masseria's death he was still the Big Fellow and confident he would remain so.

The General Assembly—scheduled to be a historical landmark in the annals of the Mafia—is described in detail by Gentile. It is the usual story of intrigue. Luciano and Capone sought to revolutionize the Mafia by abolishing the office of *capo di capi re,* but Maranzano was too smart and powerful. When Vincenzo Troia was given the job of selecting members of a commission to serve as the supreme body—his choices, naturally, had to be acceptable to the different factions—Maranzano brought charges against Troia which, if pressed, could have brought his execution. Getting the message, Troia reported his assignment was impossible, and the assembly promptly elected Maranzano the new *capo di capi re.*

A huge banquet was held in New York, and all members of the Honored Society paid tribute to their new master. They contributed $100,000 to his war chest—not a small sum in those days of Depression but still peanuts to the members of the Combination who bossed the bootleg business. Maranzano retired to an apartment behind the Hotel Commodore, near Grand Central Station, and from there drew up a list of some sixty Mafia members to be purged. Luciano was on that list and so was the ever helpful Gentile.

The new unity of the Mafia evaporated quickly as word of the impending executions circulated. And now Luciano consulted with Lansky and made ready the final move in the campaign begun years before. The Bugs & Meyer Mob would be openly used now. It was Lucky's secret weapon, kept hidden even when Maranzano had tried to kill Lucky in 1929. It could be used now, for all *capos* were weary of war, weary of peace conferences, and weary of each other. With Maranzano eliminated, no strong leader would remain to take offense at Luciano's use of outside muscle in an internal matter.

Even so, the full story of the Lansky-Luciano alliance was concealed. Consider the almost naïve version given by Gentile—a man who thought he knew the inside story.

"A group of Jewish youths," he wrote, "seeing Luciano pensive, asked him what was worrying him. He, in a heedless manner, said it was not a matter that concerned them. Because they still insisted to know his reason for worry, Luciano confided that he and his friends ran the risk of being killed if they did not do away with a certain dangerous man that had decreed their death. They offered to undertake the enterprise. Therefore Lucky Luciano gave them the name of Maranzano, indicated to them the dress and habit of the *capo di capi re,* with an end to giving them a clear and precise picture.

"The Jewish youths with, in truth, an amazing calmness made it appear that they considered the task as simple instead of difficult as Luciano had. However, they needed an Italian who knew Maranzano perfectly. The six Jewish youths, assisted and accompanied by the Italian, went to the office of Maranzano at the established hour. They knocked at the door and no sooner had they entered than they identified themselves as Federal Agents. In the meantime, having drawn pistols, they ordered the bodyguards to raise their hands and to place their faces, arms and hands against the wall.

"While the Jews with leveled pistols held the followers of Maranzano motionless, one went into the corridor. He had the Italian enter, asking him which of these men was Maranzano.

Of these, one who recognized the Italian—a certain Peppino—turned to him and said:

" 'Peppino, you know that I am Maranzano and that I am responsible for the office. They can make any search they want for there is no contraband here. This office is clearly commercial.'

"No sooner were the Jews certain that Maranzano was actually in their hands than they led him to his office and, in order to avoid noise, tried to strangle him. But the doomed man by virtue of his desperation got loose and because he was possessed of a certain strength, augmented by fear of death, sought to fight, but the others emptied their pistols into him, killing him instantly.

"The bodyguards of Maranzano, surprised and bewildered, were not able to react to what was happening, nor did they even have the time to do anything. Moreover they were not in condition to do anything because they were under the threat of the pistols.

"The Jews left by the stairs and at the door they met the friends who were waiting and whom they advised the operation had been successfully accomplished. The friends then hurried to telephones and informed the boys in various parts of New York, advising them they could start the purging operation. Almost immediately with that word there took place the 'Slaughter of the Sicilian Vespers.' In fact, many of the followers of Maranzano were killed who were stained with the most atrocious wickedness."

It was September 11, 1931, and the Mafia had at last been Americanized. Soon it would take its uneasy place in the National Crime Syndicate where its chief value would continue to be its service as a lightning rod to attract official wrath and thus divert it from the silent men who obeyed Lansky.

A new General Assembly was held in Chicago. Capone again was host, and it was almost his last official act. Prison was less than a month away. This time, with the guns of the Combination now openly backing Luciano, the assembly voted to abolish the *capo di capi re* system and replace it with a commission. Luciano, needless to say, was chairman of that body, and Capone a member. Gentile claimed credit for the idea but his days of influence were over. Within five years he would be reduced to peddling narcotics, would be caught and flee to Sicily, all the while bemoaning the ingratitude of humanity.

As the struggle to Americanize the Mafia reached its climax, two men who enjoyed the shadows were busily laying the foundation of the National Crime Syndicate. In Johnnie Torrio, Lansky had found an ally after his own heart.

A Brooklyn boy born in Naples, Torrio ran a saloon and managed prizefighters until 1910, when his uncle, "Big Jim" Colosimo, called him to Chicago to manage his whorehouses. Torrio soon expanded Colosimo's area of interest to include neighborhood gambling joints. With Big Jim in semiretirement, and in love with actress Dale Winters, Torrio was soon overworked and imported a young punk from Brooklyn to help out. The punk was already known as Scarface Al Capone, and he served his apprenticeship in one of Colosimo's brothels. He moved up in the world in 1920, when Torrio decided his uncle was too old-fashioned and had him murdered.

As early as 1924, Torrio called a meeting of all his rivals and proposed that Chicago be divided into spheres of influence to put an end to the gang wars that interfered with business. Booze had of course by then become the principal source of revenue, and it had attracted a wide assortment of hungry and jealous hoods. A truce was achieved, but it didn't last long. One of the first persons shot was Torrio, who, upon recovering, decided it was safer to be in jail. He withdrew an appeal of a conviction in a liquor case and served nine months. Capone, aided by such Combination men as Frank "the Enforcer" Nitti, Jake "Greasy Thumb" Guzik, and Paul "the Waiter" Ricca, ran the show in his absence, but even the most ruthless measures failed to conquer the competition. Despite Capone's great reputation, he ruled only about one-fourth of Chicago at the height of his power. On several occasions he had to withdraw to such suburbs as Cicero, which had been captured earlier by Torrio.

Upon getting out of jail, Torrio surveyed the situation and concluded that Chicago was no place for a businessman with brains. He took a long vacation, returning after three years to New York in 1928 and—secretly enough to please a Lansky—entered the rum-smuggling business with Frank Zagarino of New York and Daniel Walsh of Providence, Rhode Island. At the same time he bankrolled Dutch Schultz in the numbers racket and in the essential subsidiary, a bonding company.

The 1929 meeting in Atlantic City was attended by Torrio. Impressed during his private talks with Lansky, he proposed a tighter organization of the major liquor operators along the East Coast. From this suggestion, the Big Seven eventually emerged and for a brief period controlled the importation of liquor and set prices. Torrio was attempting on a large scale the same program he had tried in Chicago—but with greater success, thanks to the pioneer work of Lansky and the preoccupation of Mafia leaders with their civil war. Without Lansky's cooperation, however, he could never have pulled together, even for a few months, the largely Jewish elements of the Big Seven.

While much impressed with Torrio and his ability to work with men of all ethnic backgrounds, Lansky considered the Big Seven—and, for that matter, the Americanization of the Mafia—only a step toward the grander scheme he had evolved through his contacts with non-Mafia gangsters in Cleveland, Detroit, Miami, New Orleans, and other cities. Perhaps Torrio sensed his younger friend's ambitions. A quiet family man, who loved good music, Torrio one day gave Lansky some advice.

"There are two ways to power," he said. "A Capone can rule for a while by blood and terror, but there will always be some who fight him with his own weapons. On the other hand, the man who can make money, big money, for others will eventually be regarded as indispensable."

Lansky pointed out it hadn't worked that way for him in Chicago.

"I was ahead of my time. There was too much easy money around. To get it, all you had to do was kill. Brains weren't needed. That's why I got out."

With the Maranzano-Masseria war raging, Lansky wondered if things had changed very much.

"Yes," said the Old Master. "And they'll change a lot more soon. Prohibition is doomed. With it will go the supply of easy money. Brains will be needed then, my friend. The man who has them will survive while all the muscle-minded bastards rot in jail."

"Sometimes you have to use muscle," said Lansky. "People don't always know what is best for them."

"Correct," said Torrio. "But learn from my experience. Whenever you have to kill, make your colleagues understand—or at least believe—that the removal of someone is for the common good of all. Then they'll back you up."

Lansky understood. "When you had Colosimo rubbed out, it was for the common good. Everybody went along. But when you knocked off Dion O'Banion . . ."

"It started a war," finished Torrio. "It was a personal thing; the bastard had double-crossed me. I knew it was a mistake, but I was fed up with Chi anyway. Too many bastards thinking they were Mussolini."

Lansky sat silent, puffing on a cigarette. Torrio didn't drink or smoke.

Then, his thoughts moving ahead, he asked about the Dutchman. Wasn't Torrio taking a considerable chance? With someone who liked to kill?

"We use the tools that come to hand. Dixie Davis keeps Schultz under pretty good control, and he's got Jimmy Hines in his pocket. To do anything in this town, you've got to have Tammany Hall on your side."

"I still don't like it," said Lansky. "The Seabury investigation is going to cause a lot more heat. It could be a bad time to ride the Tammany tiger. Look what happened to Miro."

"You're right of course," said Torrio. "Roosevelt's going to get into the act soon too. He's got to if he wants to beat Al Smith for the nomination."

"So?"

"So I'm making plans. Soon as Repeal comes, I'm going legit. There'll be plenty of dough in legal liquor so long as I can stay out of sight."

The conversation became technical, and Lansky had much to think about when he went home that night. Anna greeted him with a kiss. He noticed she seemed nervous yet strangely happy. Even the dinner was special. Since the birth of Bernard, now called Buddy, relations between the two had slowly improved. Business was never discussed. Aware that Anna was making a conscious effort to be the type of wife she assumed he wanted, Lansky responded. He could feel sorry for her and for the crippled child, but he kept his emotions under tight rein. Kindness was one thing—love something else.

After dinner Lansky settled himself in an armchair and opened a thin volume. Torrio had recommended *The Prince* as a means of gaining insight into the Italian mind. Anna decided tonight was the night to tell him she was pregnant.

"I'm glad," he said simply.

Anna began to cry. She told him how much she hoped it would be a boy.

"We have a son," he told her. "I hope it's a girl."

In the weeks that followed, Anna became something of a bore. Too obviously she expected the new baby to mean a new beginning for a marriage that had gone sour. Lansky said nothing to discourage her, but he knew that for him, at least, there could be no turning back.

Meanwhile, he had his hands full trying to hold the Big Seven together and keep far-flung allies happy. In April, Lucky Luciano asked Lansky to accompany him to Chicago. The purge of the Mafia, followed by the conviction of Capone, had left affairs in the Windy City in an uproar. A new war threatened as various members of the Capone Combination sought to succeed the Big Fellow. Guzik was Lansky's choice, but Greasy

Thumb was still serving a five-year sentence for income-tax evasion given him during the preliminary probe of Capone.

A series of conferences was held in the Congress Hotel. Luciano represented force, while Lansky talked of regional cooperation and the need for an end to warfare. The big problem was with Nitti. The Enforcer felt that his claim to the vacant throne was most legitimate. After all, without his support Capone would have been burned down by Bugs Moran before the Intelligence Unit of the IRS could get him. What's more, Nitti had served an eighteen-month stretch for tax evasion and felt the Combination owed him something.

Rocco Fischetti, as a cousin of Capone, had to be considered too, but eventually the choice was Paul "the Waiter" Ricca. He had served the cause of interregional cooperation during the Maranzano-Masseria war and had proved his loyalty to Luciano. Yet he was pessimistic about the chances of bringing Chicago into a national organization.

"There's just too many independent bastards here," he said in a private talk with Lansky. "We'll be damn lucky if we can keep peace here. Torrio couldn't do it and he had brains."

Lansky remembered his conversation with the ex-boss of Chicago. "Maybe things will change when Repeal comes," he suggested.

"Maybe," said the Waiter, "but I doubt it."

In the face of Nitti's continued belligerence, all Lansky and Luciano could do was to pass the word that in the future New York would deal only through Ricca. Internal matters would be left to the Chicago Syndicate. However, Lansky warned, and Luciano backed him up, that no continuation of gang war would be permitted. Nitti was told:

"Al once sent word to New York that he'd fly in troops if Maranzano didn't quit stalling. Well, remember, planes fly both ways."

Paul "the Waiter" was given added private assurances of support. It was Lansky's thesis that with the end of Prohibition's easy money even the stupid hoods of Chi would recognize the value of cooperation. Ricca was told to play a waiting game, stay out of the headlines, and build support quietly.

"We'll make you rich," said Lansky, again remembering the words of Torrio.

It was April 19, 1932, as the agreement was sealed with handshakes. Ricca and Fischetti escorted the two visitors to the door, intending to accompany them to the train station. But Chicago police were eager for a roust, and the quartet was arrested outside the Congress Hotel. The charge was suspicion, but after two days of intermittent grilling the police released them none the wiser.

For Lansky, it was his fourth arrest since 1928, and while annoying, it was nothing to worry about. Routine. But then he remembered Anna, back in New York awaiting a son and a second chance at happiness. Ricca reassured him, however, that there would be little publicity, and he was right. The Chicago press, proud of the reputation of its own gangsters, barely mentioned the two strangers from New York. Nor did the wire services carry the story.

Twenty years were to pass before Meyer Lansky was arrested again. He retreated into the shadows where the real bosses of crime hide today.

So it was that on September 22, 1932, a healthy and handsome son was born to the Lanskys. Meyer remembered his fears and in a gesture meaningful only to himself named the boy Paul. Anna was too happy to wonder why.

# 4

THE shadow of impending events is sometimes seen but not recognized until much later. So it was at the Democratic National Convention which convened in Chicago on June 27, 1932.

New York State offered the two principal candidates for President of the United States, and in view of the Depression, the ultimate victory of one of them seemed assured.

Al Smith, the popular but unsuccessful nominee of 1928, was ready to try again. Equally eager was the incumbent governor of New York, Franklin D. Roosevelt.

Behind Smith was Tammany Hall with all its power and all its corruption. Offsetting that to some extent was New York City's West Side boss, Jimmy Hines, who supported Roosevelt.

Hines led one delegation to Chicago. His rival, Tammany district leader Albert C. Marinelli, led another pledged to Smith. The two men were headquartered in the Drake Hotel.

Sharing Hines' quarters was Frank Costello, the veteran rumrunner and now a member of the Combination. Accompanying Marinelli was Lucky Luciano, the unofficial boss of the Americanized Mafia.

Serving as coordinator was Meyer Lansky, a man who wanted political allies in both camps.

While the presence of such gangsters at a national convention proves clearly that organized crime was ready to spill over city and state lines, it would be a mistake to assume a specific national objective at this time. Lansky knew that the nominee would control New York's political machinery, and by having a man on each side, he hoped to assure continued political protection for all New York rackets.

While the official delegates were debating the merits of Smith and Roosevelt, Lansky was busy meeting with such regional powers as Huey Long of Louisiana and James Curley of Boston. Tom Pendergast's political-criminal empire was represented as well, and so were other bosses from around the country. On the floor of the convention the next President of the United States was being chosen, but in the background the foundations of the National Crime Syndicate were being laid. The NCS would rule long after Roosevelt's New Deal was ancient history.

To achieve success, it was necessary that roles be reversed. In the past the gangster had been somewhat at the mercy of the politician and forced to pay heavily for little favors. Lansky and his friends wanted to break the power of such politicians, especially in New York City where Tammany Hall had for so long been supreme. The goal was to make the politician dependent on the gangster and subject to his orders.

The nomination of Roosevelt, with the help of Hines, Long, Curley, and Pendergast, was a long step forward to this goal. For Roosevelt was saddled with the onus of "machine candidate." To prove his independence after winning the nomination, he used his power as governor to break Tammany Hall. As the nation watched, he conducted hearings on dapper Jimmy Walker, mayor of New York and a Tammany product. Serious questions had been raised about Walker by Judge Samuel Seabury. When Walker resigned under pressure on September 1, the doubts about Roosevelt largely lifted.

Even after becoming President, Roosevelt found it politically convenient to break the bosses who had helped elect him. Some have considered this a cynical betrayal, but it was inevitable once the New Deal was launched and power in the fields of social welfare became concentrated in Washington. The Intelligence Unit of the IRS conducted probes that helped destroy Long—he was murdered before he could be indicted—and sent Pendergast to prison. Yet, ironically, the decline of entrenched political bosses provided an opportunity for the developing National Crime Syndicate to move in and become the invisible power that gave orders to politicians instead of taking them. Unwittingly, Roosevelt helped create a new order as dangerous as the old one.

This development illustrates the basic relation of crime to politics. The old-fashioned city bosses represented the link between gangsters and the men who pulled political strings on state and national levels. By eliminating such bosses, it became possible for gangsters to deal directly with top political figures and thus greatly expand the power of the Mob.

Since political figures had to retain the appearance of respectability—something few city bosses worried about—a new type of buffer, the businessman, came into being. He could pass on campaign contributions, arrange favors, and suggest legislation. Thus was the alliance of crime, politics, and business evolved. The smart gangster, however, possessing both the muscle and the money, held the whip hand.

The process took time, however, and Lansky employed it well. With Repeal looming, one of the first matters of importance concerned liquor. Aware that months would pass before the supply of legit booze would equal the demand, Lansky made certain the production of illicit beverages would continue. At the same time he moved into the legal liquor business. The Mob would make it one way or the other.

Molaska Corporation was formed in Ohio on November 25, 1933. Ten days later, liquor became legal again. It began as an operation of the Cleveland Syndicate, and all its officers were fronts for such men as Moe Dalitz, Sam Tucker, and Charles "Chuck" Polizzi, who had been named to fill the shoes of Morris Kleinman while that bootleg veteran was serving a rap for income-tax evasion.

Meyer Lansky's father-in-law provided a respectable front for the New York Combination. Already in business with Lansky as a produce dealer, Citron invested $121,000. When asked about it years later, he admitted that he was representing Lansky in the deal. A key man was the Citron-Lansky attorney, Aaron Sapiro, who had a national reputation as a farm expert but was better known in the underworld for his part in the bloody Cleaners and Dyers War in Chicago, where he allegedly worked with Capone and the Chicago Syndicate.

Molaska got its name from molasses, and molasses as a sugar substitute was widely used in the production of illicit alcohol. Plants to manufacture dehydrated molasses were built in Cleveland and in Elizabeth, New Jersey. To assure an amply supply of material—raw molasses—Lansky visited Cuba and made a deal with Fulgencio Batista, who on September 4, 1933, had made himself dictator. A warm friendship sprang up between the two self-made men, and Lansky—ever alert to new opportunities—explored the possibility of operating gambling casinos on the island. Batista recognized in Lansky a man who could make him rich. From that knowledge grew an understanding that would have amazing repercussions for decades to come.

How many giant distilleries Molaska operated remains unknown, but one fact is undeniable: They were the largest ever found by the Alcohol & Tobacco Tax Unit of the Internal Revenue Service. They were elaborate operations, usually underground, and they were moved at intervals as safety dictated. The largest began in downtown Cleveland and when finally raided on January 19, 1935, was located in Zanesville, Ohio. Its cost was estimated at "at least $250,000."

A plant almost as large was found a few days later in Elizabeth, New Jersey. The leader of the raiding party, John D. Pennington, was quoted in the New York *Times* as saying it was big enough "to flood New York and New Jersey with illicit alcohol." Not many such plants were needed to turn out millions of gallons of booze. Ultimately, the investigators learned of thirteen distilleries operated as joint ventures by the New York and Cleveland mobs. Not all were in production at the same time, but enough were running to maintain a steady supply. The liquor produced was sold all over the eastern half of the United States, as far west as Kansas City. And sold at a time when liquor was legal. In fact, much of it went to legal liquor companies which sprang up by the dozens after Repeal. Most of the new companies were absorbed by a few gangster-controlled outfits using the edge given them by their access to Molaska's illicit booze.

Typical was Prendergast & Davies Company, Ltd., which was formed in November, 1933, a month before Repeal. Its offices were located at 601 West Twenty-sixth Street, New York, and its founders included Herbert Heller, an investment broker.

Heller was a brother-in-law of Lewis Rosenstiel, head of Schenley's Distilleries, and Rosenstiel owned the building in which Prendergast & Davies was located. In later years Rosenstiel won the title Philanthropist by giving away millions to the University of Miami, but Schenley's—the source of his wealth—had some very important gangsters on its payroll. According to sworn statements by Rosenstiel's fourth wife, her husband maintained friendly relations with such men as Meyer Lansky and Joe Linsey on the one hand, and FBI Director J. Edgar Hoover on the other. In fact, he created the J. Edgar Hoover Foundation and endowed it with Schenley stock.

Perhaps an explanation of these strange relationships can be found in the fact that the real boss of Prendergast & Davies was Johnnie Torrio, Al Capone's ex-tutor and close friend of Meyer Lansky's. When this was learned in 1935, Torrio sold his stock in the company to a group of ex-bootleggers from Boston.

Rosenstiel's chief rival in the legitimate liquor business was Samuel Bronfman who founded Seagram's. Bronfman became the richest man in Canada by shipping booze to Rum Rows off the East Coast during Prohibition, and was deeply involved with such Lansky allies as Abner "Longie" Zwillman and the

Big Seven. In later years both Rosenstiel and Bronfman achieved respectability and their money played important roles in the American economy, but their personal hatred remained. Lansky and his allies didn't mind—as long as they remained hidden and the money rolled in.

The New York Combination didn't believe in allowing its friends to monopolize the liquor business. It had its own legit outfit known as Capitol Wine & Spirits, headed by an ex-bootlegger named Louis I. Pokrass, a Russian-born immigrant four years older than Lansky. Into Capitol, Lansky, Siegel, Adonis, Costello, and the rest invested a lot of money. In 1945, when the company's liquor license was revoked for failure to identify the secret owners, Capitol's assets were sold and the funds received invested in the Flamingo, which Siegel was then building in Las Vegas.

All in all, thanks to the genius of Lansky and Torrio, the Mob was in a good position to dominate the legal liquor market for decades to come. It continues to do so today, hiding behind men who have spent millions to achieve a respectable status. An important key to the success of the Mob in the liquor business, as well as in scores of other ventures, was a basic economic fact, not fully appreciated by economists and sociologists: The stock market crash and the Depression had wiped out much legitimate credit and most cash reserves; the only men with money available were the ex-bootleggers. Respectable businessmen, facing financial ruin, turned to them for the money they needed, and fronted for the gangsters who supplied the cash. Just as the election of Roosevelt helped put the gangster into politics by weakening the power of old big-city bosses, economic conditions put the gangster into business on a huge scale. It was this political power combined with economic influence that made the National Crime Syndicate possible. Thus it can be seen that the roots of NCS go very deep.

But out of sight, out of mind. Lansky, as Chairman of the Board, is well aware of what might be termed metropolitan myopia—the inability of officials to see anything beyond the bounds of a few cities, such as New York and Chicago. A Mafia punk in New York can win the title Boss of all the Bosses when, in fact, there is no such office and his authority is confined to a handful of hoods in and around New York. A Chicago hood, who would be little more than a corner bookie in Louisville, becomes a Capone lieutenant in the Windy City, where reporters have prided themselves for years in thinking up such fearful nicknames as the Enforcer, the Bomber, the Killer. Lansky and the real bosses learned long ago to live in smaller cities and direct their international operations from there.

That Meyer Lansky learned early the value of invisibility was proved by one of the most unique photographs ever taken by the New York police. Informed that some well-known punks were meeting in the Hotel Franconia on West Seventy-second Street, Captain Michael McDermott of the police alien squad led a raid on the hotel. Eight men were rounded up and taken to headquarters where a group picture was made.

Fans of the Mafia have conveniently ignored the picture for obvious reasons. Not one of the men was of Italian or Sicilian descent.

Bugsy Siegel, co-boss with Lansky of the Bugs & Meyer Mob, was there, Louis (Lepke) Buchalter and his co-partner, Jake "Gurrah" Shapiro, who would form Murder, Inc., when Lansky became too important to attend to enforcement duties, were in the picture. There was Philip Kovolick, known variously as Phil the Stick and Little Farvel, who in future years would serve Lansky as combination bodyguard, chauffeur, and courier. There was Harry "Big Greenie" Greenburg, whose ultimate murder was ordered by Lansky and executed by Siegel. Joseph "Doc" Stacher was in the group. Ultimately he would become one of Lansky's most valuable aides in the control of international casino gambling and would be deported to Israel when an old man. Hyman "Curly" Holtz, an expert on labor racketeering, had his picture taken with the rest. So did Harry Teitelbaum and Louis "Shadows" Kravitz, both important members of the Bugs & Meyer Mob.

Meyer Lansky was not in the picture. He gave the orders, but it was up to Siegel and Lepke to meet with underlings to see that those orders were carried out.

But in 1934 there was a meeting Lansky could not and did not want to avoid. Top gangsters from around the country gathered to form the National Crime Syndicate.

Information about the conference has leaked out over the years, and only the FBI doubts it happened. Informants tipped New York cops, but the political protection Lansky had worked so hard to achieve paid off: There was no roust, no publicity.

To the long list of stool pigeons who have talked about this meeting, this writer has added a new name. It can't be revealed, however, for the man is still alive and living in some comfort in Miami Beach. The FBI knows the man, but since he doesn't have an Italian name, they have never questioned him about his early career. He wouldn't talk to "the Feebees" anyway.

The conference took place in the Waldorf Astoria sometime in the early spring of 1934. Charles Lucky, as Luciano now called himself, was still grumbling that the first official act of the new mayor, Fiorello La Guardia, who took office at midnight, January 1, was to order Lucky's arrest a minute later. La Guardia had ordered Costello's slot machines dumped into the bay. It was a publicity stunt, but it served to increase the heat by arousing public interest.

This discontent and uncertainty had as much to do with the calling of the conference as anything else. The New York boys were at last beginning to realize that diversification and expansion might be necessary if they were to maintain their power and profits. Thanks largely to Lansky and Torrio, they had come to realize a big country existed outside the Eastern Seaboard. Many of them, in fact, had been visiting such resort areas as Hot Springs, Arkansas, and Miami Beach for years after Owney "the Killer" Madden had proved the hinterlands could be healthy and profitable.

Lansky, who more than anyone else had established working relations with the regional syndicates in Cleveland, Detroit, Minneapolis-St. Paul, Kansas City, and points in between, made it clear that any blind invasion of the back country could lead to serious warfare. At the same time he had helped reasonable men achieve power in the outlying areas and was able to persuade them that cooperation would pay better than opposition. The joint ventures with the Cleveland Syndicate were proof of his argument.

Torrio, as a man of experience in both Chicago and New York, presided at the conference. Moe Dalitz, who called himself Davis in New York, brought a delegation from Cleveland. Isadore Blumenfield, better known as Kid Cann, attended from Minneapolis. Shortly thereafter, he would be indicted and sentenced to a year in the workhouse for liquor operations ranging from New Orleans to Watertown, South Dakota; in later years he would own the ground under many of Miami Beach's swank hotels and work closely with Lansky. Hyman Abrams, who had replaced King Solomon—dead more than a year—brought in a group from Boston. Harry Stromberg, who in Philadelphia was called Nig Rosen, represented Lansky's interest in the City of Brotherly Love. To put him in power, it had been necessary to kill Mike Duffy and a few others. Twenty-five years later, Stromberg and Lansky would visit a federal grand jury in Miami together.

Philip "Dandy Phil" Kastel, who began his career working for Arnold Rothstein, attended as the boss-designate of New Orleans. Anthony "Little Augie" Carfano represented Miami and hoped his authority there would be confirmed. Lansky had other ideas, however. Abner "Longie" Zwillman spoke for New Jersey, and no one worried much about his absent rivals. Dutch Schultz was under indictment for income-tax evasion and was in hiding. Irving Wexler, known to the trade as Waxey Gordon, had been convicted on similar charges the previous December.

Paul Ricca (his real name was DeLucia) represented Chicago at Lansky's personal invitation. No one really expected to bring the Chicago outfit into the new organization, and few even wanted to do so. But Lansky believed that a degree of cooperation could be achieved and Ricca was the man to do it. In years to come, as newspapers named such publicity hounds as Sam "Mooney" Giancana for the role of Capone's successor, Ricca remained the silent man in the background, working closely with Lansky.

Only Kansas City failed to send a delegation. The Internal Revenue Service, aided by a runaway grand jury, was making things hot for Boss Pendergast and his boys. John Lazia had just been convicted of tax evasion and was threatening to talk. After his murder on July 10, 1934, things quieted down a bit, and a second, smaller meeting was held in Kansas City to tie up the loose ends.

At Torrio's invitation Luciano opened the meeting with a description of how the Mafia had been Americanized. He gave discreet credit to Lansky for his aid and pledged that the Honored Society—while retaining its autonomy—would be a constructive force in the future. Anyone having problems with local *capos* could, he explained, file a complaint with the commission and justice would be done.

This promise got the meeting off to a good start. Everyone had experienced difficulties with the greedy Mustache Petes. Lucky was given a standing ovation.

Torrio seized the opportunity to tell how much of the bloodshed could have been avoided in Chicago if Irish, Jews, and Italians had accepted his peace plan and divided the city into spheres of influence. "The Fox" blasted Capone for putting personal profit above the common good.

Joe Adonis described the evolution of the Big Seven, paying full tribute to Torrio for the inspiration, and Dalitz outlined the history of interregional cooperation by giving a general description of Molaska and its many stills. Zwillman told of the bloody war between Waxey Gordon and the Dutchman in New Jersey and explained his plans to consolidate the situation there. To illustrate the necessity of organizing to control crime, he mentioned the still unsolved kidnapping of Charles A.

Lindbergh, Jr. That it was the act of an independent operator, he said, was certain, but the excitement generated by the kidnapping had been bad for business. Heat had been applied all over the country, and it had been necessary for the boys to cooperate in trying to solve the mystery. Owney Madden had actually worked for Colonel Lindbergh, and Longie himself had offered a reward.

"We just can't afford to have people bumping off anybody they please or kidnapping big shots," said Zwillman. "We got to have control and cooperation. It ain't like it used to be when it was every man for himself. We gotta learn how to act like businessmen."

Laughter mingled with applause as Longie sat down. He had prepared his speech carefully and painfully and rehearsed it until even the big words came out smoothly.

Attorney Aaron Sapiro, 500 Fifth Avenue, drew upon his experience in and out of government to propose that the national organization be created along the lines of the National Recovery Act. Roosevelt and his New Deal were on everyone's mind in those days, especially those men who had attended the Democratic convention in Chicago. Regional boards would be set up to control all activities, and there would be an overall comission to hear appeals and make final judgments. The larger cities would be divided along industry lines—gambling, prostitution, liquor, the garment business, and labor racketeering in general. No single boss would dominate. There would be no president, but regional bosses would sit together as needed in an association of equals. Territories would be allocated and no poaching permitted. Joint ventures would be encouraged in undeveloped cities, but no one would have to participate.

Lepke, speaking in gentle tones that fooled no one, followed with specific proposals designed to end indiscriminate killings. Noting that the Bugs & Meyer Mob had performed yeoman services during the latter days of Prohibition, he suggested that a crack corps of killers be employed to work on a contract basis. Local bosses who found it necessary to remove one of their men would call on the enforcement arm of the syndicate to do the dirty work. This would insure the job's efficiency and at the same time avoid the expense—and potential dangers—of maintaining individual execution squads. No one, whatever his grievance, would be permitted to kill in another city without express consent of the ruling commission. Any disputes would be settled by the commission, as Sapiro had suggested, and the enforcement arm would be used if necessary to see that decisions were obeyed.

Dalitz, recalling the uproar that followed the murder of Jerry Buckley, a radio crusader in Detroit, moved that newsmen and police officials be off limits to killers, regardless of how big a nuisance they might become. Lepke agreed and was authorized to begin the selection of the enforcement arm, which was to become famous as Murder, Inc. Since many of them came from Brooklyn, they soon had a less pretentious name, the Bums.

Frank "the Politician" Costello brought the meeting to a close with an eloquent speech hailing the dawn of a new day in which the bribe would replace the bullet and the sons of immigrants would rule the land.

Meyer Lansky smiled as Costello sat down amid applause. Not for him the spotlight, even in these carefully guarded surroundings. As chairman of the allocation committee, he would make sure regional assignments went to people who shared his ideas. Meanwhile, he had studied the others, wondering which ones would achieve power over the years and which would fall by the wayside without help.

Costello he didn't take seriously as a potential rival; he was too fond of the trappings of power. Luciano, he believed, had achieved too much publicity; La Guardia's action in branding him a public enemy would make him a target for all aspiring politicians posing as reformers. On the other hand, Zwillman and Lepke had the real ability to exercise power through others; they would be the men to watch. Meanwhile, there was work to do. Delegates from the provinces wanted to waste no time in New York; they had pressing problems at home. Long into the night, there were meetings and individual conferences. Few disputes arose. The major problems had been worked out before; ratification was the order of business. Five years later, Dixie Davis gave an illustration of the divisions agreed upon that night. He wrote:

"Moey Davis (Moe Dalitz) became the power in Cleveland, and anyone who questioned it would have to deal with Lucky and Meyer and the Bug."

While modern Mafia experts have ignored that statement, the Kefauver Committee dug it up and was rude enough in 1951 to ask Dalitz about it. Unperturbed, Moe replied:

"He had been reading dime novels, that fellow."

The first order of business of the NCS, after confederation was approved, was to divide up the racket empire of Dutch Schultz. It was considerable. In addition to his beer business, Dutch had become big in numbers, taking over Jose Miro's racket when Miro won the unwanted distinction of being the first conviction obtained by Thomas E. Dewey as an assistant United States attorney. Schultz had also inherited the Coney Island Race Track outside Cincinnati from the Canadian bootleg interests who had invested excess profits in a number of U.S. tracks, including Tropical Park in Miami. Owney "the Killer" Madden got Tropical Park when Schultz took Coney Island.

Longie Zwillman grabbed most of Dutch's New Jersey rackets. Michael "Trigger Mike" Coppola, who had driven the getaway car when Joe "the Boss" Masseria was murdered, got the numbers, and the Cleveland Syndicate captured Coney Island because, they argued, it was in their territory. They renamed it River Downs.

All seemed safe and secure, but the Dutchman was far from through. Dixie Davis got the income-tax case transferred to Syracuse, New York, and won a hung jury. The case then moved to Malone where, to everyone's amazement, Dutch was acquitted. The IRS soon got another indictment and was prepared to try again, yet Schultz was more worried about Dewey.

A Manhattan grand jury attempting to probe the numbers racket early in 1935 revolted when it seemed apparent the district attorney, William C. Dodge, didn't share the zeal of the jurors. A special prosecutor was requested, and the youthful Dewey—who had convicted Waxey Gordon for the Feds—was appointed. He immediately began a probe of Schultz, who had succeeded in getting back many of his old numbers writers and was beginning to roll again.

Feeling that he had escaped the devil only to land in the deep blue sea, Schultz went to Lansky with a suggestion. If the NCS would knock off Dewey, he would join the syndicate without demanding the return of his other rackets.

"We got to hit him," urged the Dutchman. "He's a menace to everybody."

Lansky, remembering the syndicate's decision not to hit reporters and cops, promised to take the matter up with the commission. Albert Anastasia, operations chief for the Bums, was intrigued by the challenge and volunteered to investigate the possibilities. A short time later, he presented a detailed outline of the proposed hit. Lansky, Luciano, and Lepke agreed it was practical but vetoed the idea from a policy standpoint.

Lepke said there was no question he was dangerous, but pointed out he was a hero and they dared not touch him.

Lucky felt they had to do something—for all he knew he might be next. What the hell did Dewey want anyway? Lucky asked.

Lansky shrugged. To be governor, what else? Dewey was ambitious—that was his weakness. Don't worry, said Lansky, sooner or later he'd need them.

"Yeah," said Lucky, "but in the meantime how do we get him off our backs?"

"If he sends you to the can, I'll get you out. That's a promise."

The word of Meyer Lansky was already legendary in the underworld, and no one had more confidence in it than Luciano. The man was in deep trouble and knew it. If Dewey didn't get him, the Intelligence Unit of IRS would. Elmer Irey, the man who got Capone, headed the Intelligence Unit and was feared more than either Dewey or Hoover. After all, unless someone dug up the evidence, Dewey couldn't prosecute. Or so reasoned Luciano in 1935. He was soon to change his opinion.

With the decision to leave Dewey alone—much to Anastasia's disgust—there remained the problem of Schultz. That proved much simpler. The Dutchman was sentenced to death for reasons of policy as well as greed. Schultz was an old-timer, a Mustache Pete in his own right. To knock him off would produce no heat—just the reverse.

"It's a public service," said Lepke, and Lansky nodded. Even Johnnie Torrio smiled.

On October 23, 1935, Dutch Schultz was burned down in the Palace Chophouse in Newark. Because of Anastasia's attitude the job was given to Charlie "the Bug" Workman, a veteran killer from the old Bugs & Meyer Mob. Just to give the execution an NCS flavor, a killer was imported from the Cleveland Syndicate. After all, Dalitz and Company had a personal interest.

The Dutchman lived a few hours and mumbled to police stenographers who sat beside his bed. He kept talking about John, apparently blaming him for the shooting. Years were to pass before police identified the mysterious John as Torrio. And when they did, most of them agreed Torrio deserved a lot of credit.

Removing the Dutchman was indeed a public service.

As much as anything, the killing of Schultz signaled an end to the era of independent warfare and free-lance competition. The National Crime Syndicate had survived its first challenge.

# 5

THE Kingfish was drunk. He was also angry and didn't mind telling all New York about it. President Roosevelt had double-crossed him. In return for helping Roosevelt win the nomination in Chicago, he had received a promise that an IRS tax probe would be called off. It had been suspended for a year or so, but now it had been resumed.

Eventually, even Huey Long had to bow to a call of nature, and he was steered to the men's room of the Hotel New Yorker. Still bellowing in rage, he took careless aim at the urinal before him—and missed. Under the pressure of an overload of imported champagne, the Kingfish squirted wildly and sprayed the trousers of a stranger standing beside him.

"Don't piss on me," said "Trigger Mike" Coppola.

"I'll piss where I please," replied Long, who in his rage still noticed the stranger was physically a little man.

"Like hell you will," Coppola replied and planted a right fist on the Kingfish's nose.

Still squirting, Long stumbled and fell. The enraged Coppola pulled a flat automatic from a shoulder holster.

The sight of the gun shocked Long into semi-sobriety. "Help," he screamed, looking for his bodyguard.

But the bodyguard knew the hoods of New York better than his boss and broke for the door. It was then that Frank Costello stepped from a nearby stall and history was made.

Costello instantly recognized the Kingfish. In fact, at the suggestion of Meyer Lansky he had stopped by the hotel for the express purpose of meeting the boss of Louisiana. Since the 1932 convention when Lansky met Long, he had his eyes on Louisiana. Knowing politicians, however, he felt that Costello was the man to approach the Kingfish about a deal. Now circumstances had provided a unique opportunity.

"Hold it, Mikey," Costello said and moved over to help the fallen hero to his feet.

Some fifteen minutes later, they had Long upstairs in his room, and Coppola, briefed hurriedly by Costello, made an elaborate apology.

"I didn't know who you wuz," said Coppola. "As far as I'm concerned, you can piss on Roosevelt if you want to."

And with that Coppola withdrew.

Costello took over. The blond who had been scheduled to occupy the twin bed was given a bill and sent packing. Frank stretched out in his underwear and listened to the Kingfish snore. When the sun was high enough, he ordered breakfast sent up. Long, who had mastered the hangover years before, ate hugely, and the two men got down to business.

The situation was simple, as Costello outlined it. La Guardia was still raising hell and busting up slot machines as fast as he could make the cops confiscate them. The heat would be on quite awhile. Yet the slots were gold mines, and there wasn't any sense in hiding them in warehouses. How about setting them up in New Orleans?

The men haggled over details, but basic agreement was easily reached. It was decided the slots could be installed in Louisiana by a company chartered for charitable enterprises. After all, Long's concern for widows and orphans was well known.

"Dandy Phil" Kastel was put in charge of the project. He moved to New Orleans and became a Southern gentleman. Introduced by Blanche Monte, a madam in the French Quarter, to one of her girls, Kastel married Margie and later took her to Las Vegas where the Tropicana Hotel and Casino was to be a monument to their love.

Lansky worked out the final financial details with Long at a conference in—ironically—the Roosevelt Hotel in New Orleans. The hotel was operated by one of Long's henchmen, Seymour Weiss. In later years, after serving an income-tax rap, he became a leader in the fight against the "international Communist conspiracy," and such anti-Red heroes as Roy Cohn boasted he could get a suite there even if it meant moving General Matthew Ridgway "to less desirable quarters."

The Kingfish, unaware of the profits paid out by one-armed bandits, agreed to take $20,000 a month as his cut. Out of the first $800,000 made in New Orleans, the widows and orphans got exactly $600. The rest went to Lansky, Costello, and the others.

The episode illustrates quite a bit about organized crime. The Mafia as an organization got nothing, although Costello ranked high in the Honored Society. The NCS as an entity got nothing, despite the role of Lansky. The individual leaders of both organizations worked for themselves, not for a company. The NCS existed as an agency to protect its leaders from competition of outsiders. If a situation arose requiring spending large sums of money for political purposes, the individual leaders were assessed according to their importance and ability to pay. There was no organizational bankroll, as such. Even the killers of Murder, Inc., were paid according to the services they rendered to the individual bosses. They were free, of course, to pull independent jobs to supplement their incomes as long as they didn't step on anyone's toes.

The money was rolling in, but the political situation was unstable. Under orders of the new Secretary of the Treasury, Henry Morgenthau, Jr., the IRS was applying heat to the Long organization with renewed zeal, and everyone was nervous. With some justification they blamed the Kingfish. He had defied the President of the United States and, in effect, dared him to act. What's more, he had given Roosevelt reason by threatening to form a third party that could have cost Roosevelt millions of votes in 1936. Boasts and dares were one thing, but the real possibility of endangering the President's reelection was another. If Huey were out of the way, reasoned many people, maybe Roosevelt would call off his dogs.

One day, after a decision to indict Long was made in a Dallas hotel room—where federal officials had gathered—Long was shot down in the capitol in Baton Rouge. He lived thirty-one hours, but despite the efforts of a team of doctors, he died.

Several weeks later in the Arlington Hotel in Hot Springs, Arkansas, Costello told Lansky:

"We could have saved him, but I didn't see much use in it. The doctors had their orders to let him die."

The Hot Springs conference was called to assess the situation and make new plans. Following Huey's death, New Orleans opened wide. Every gambler and madam in town felt free to operate now that the ruling organization had lost its supreme commander. Complete confusion existed, and the feeble men with whom Long had surrounded himself didn't know what to do.

The NCS knew what to do.

Owney "the Killer" Madden, the ex-rumrunner from New York and the undisputed boss of Hot Springs, was host. Lansky and Costello were there, as well as Kastel and an assortment of other hoods. Seymour Weiss brought up the governor of Louisiana, Richard W. Leche.

They decided to move in the muscle needed to restore order and put all independent operators out of business or on a licensed basis—a license to the syndicate, that is. Thousands of additional slot machines would be sent to town, and all handbooks regulated. Leche would be given all the support he needed, but Kastel and Weiss would run New Orleans.

When the Louisiana delegation left for home, a serious conference was held with Madden. In Lansky's opinion, Owney the Killer had failed to appreciate the potentials of Hot Springs.

Thousands of elderly people, most of them wealthy, came to the little resort each year to bathe their aching joints in the hot water that bubbled out of the earth along Central Avenue. But after each bath there was little enough to do. A few gambling joints were operating, but they were neither large nor plush.

Lansky and Costello decided a joint venture was indicated. They gave money to Madden to expand the Southern Club, across the street from the wide porches of the rambling Arlington. A country club was also needed where the more active, younger visitors could play golf in the daytime and gamble at night. A fund would have to be set up to pay off politicians on both state and federal levels and, if necessary, provide a park and recreational facilities for the townspeople. Taxes should be kept as low as possible, and the citizens should understand that only the illegal gambling kept them low.

Madden was agreeable. He needed cash, not advice; since serving as an investigator in the Lindbergh kidnapping, he was tired of the spotlight. Hot Springs was far enough in the sticks to have privacy—just what Owney the Killer wanted.

He got it. The miniature gambling empire, financed by Lansky and Costello but bossed by Madden, endured for decades. Even the Kefauver Committee let it alone in 1950, and not until the 1960's did Attorney General Robert F. Kennedy apply the heat as part of his all too brief Coordinated War on Crime. The casinos were closed then, and Madden died shortly thereafter. He had lived down his past and had become a respected citizen.

During its heyday the town was strictly controlled. Madden limited the number of handbooks and casinos. Since most of the suckers were elderly, it was also possible to keep prostitution at a low ebb. The casino at the Southern Club was upstairs. A broad escalator made entrance easy, but it ran one way only. The aged and infirm could ride up in comfort, enjoy the games, the bar, the good food, but they had to hobble down the stairs to leave. A separate casino for women was opened. Dealers were all handsome young men, and white-haired women enjoyed flirting with them as they lost their husbands' money. The husbands didn't mind—the Southern Club had pretty girls as dealers.

All in all, it was one of the most successful operations Lansky inspired. And members of the Mob found it a wonderful place to rest, hide out from the law, and hold conferences. In 1936, when Lucky Luciano was indicted by the runaway jury led by special prosecutor Dewey, he was located in Hot Springs. He was arrested on a warrant from New York and promptly released on $5,000 bail to await extradition proceedings. The front men for the Southern and Belvedere clubs—Belvedere was the country club Lansky wanted—signed the bail bonds. Dewey raised such a howl that Lucky was rearrested, but it was necessary to send twenty Arkansas Rangers to Hot Springs to force the sheriff to turn him over to state authorities for the extradition hearing in Little Rock.

Meanwhile, in Louisiana things had gone pretty much as expected. The income-tax case against Abe Shushan, one of Long's lieutenants, ended in a verdict of acquittal. The Justice Department, no longer under pressure from the White House, dropped similar charges against fifteen other defendants. The heat was off.

Lansky was smart enough, however, to recognize that even the innovation of slot machines which paid off in mints as well as cash would not suffice forever. Brother Jake was listed as an officer of the Louisiana Mint Company, the new outfit controlling the slots, but something more was needed.

In the Algiers section of New Orleans, across the Mississippi, he found Carlos Marcello. Born in Tunis, he had come to New Orleans in 1910 and made a living in a variety of ways, none of them successful. Nor had he bothered to become a U.S. citizen. Lansky gave Marcello a franchise for the Algiers section, allowing him to keep two-thirds of the slot profit. By 1940 he had 250 machines in operation and proved himself as an efficient businessman. Later he was given a piece of the plush Beverly Club, the biggest rug joint (a posh gambling casino) in the area and at that time second only to the Beverly Hills Club outside Newport, Kentucky.

As a front man, Marcello worked out perfectly. In years to come he was touted as the Mafia boss of Louisiana—despite his birth in Tunis—and resisted all efforts to deport or jail him. With all the heat on Marcello, the role of Lansky was almost forgotten—exactly what Meyer wanted. Ultimately, Lansky was able to shift Kastel to Las Vegas and leave Marcello and Weiss to run New Orleans.

It should be noted that the IRS returned for a third time to Louisiana and made cases against many friends of the late Kingfish. But the machine created by Long continued to operate, and the syndicate found new allies as needed on the political level. Much of the gambling was moved across the river to the suburb of Gretna, where Marcello's power was strong and graft less expensive. The joints there continued to operate long after the plush Beverly Club closed.

Meyer Lansky once explained why he left New Orleans to Marcello and others to run. "There was just too frigging much to do elsewhere," he said.

Opportunities were unlimited once the Mob discovered America, and Lansky as a traveling man wanted to be first in several ideal locations. One such was the Gold Coast of Florida, which he had discovered while arranging booze shipments. Little Augie Carfano staked out a claim early to the sucker traps of Miami and Miami Beach, so Lansky discreetly decided to base his operations in Broward County to the north. The sheriff there was Walter Clark, a butcher by trade, who took office in January, 1933. He was a reasonable man, as were the city officials of Hollywood and Hallandale, located in the southern part of the county.

In cooperation with Moses Annenberg, boss of the bookie wire service, Lansky arranged to have all the data so essential to handbooks channeled through The Farm, a small nightclub on Hallandale Beach Boulevard. All bookies in Dade and Broward counties had to buy from The Farm. Thus did Lansky get a life-and-death grip on hundreds of gamblers who couldn't operate without his permission.

Turning next to horse and dog tracks, Lansky invested in the Hollywood Kennel Club. His name didn't appear on the record, but a carefully selected friend served as the front.

Meanwhile, new opportunity developed at Tropical Park, south of Miami near Coral Gables. The track had been designed for dog racing, but new vistas opened in 1931 when pari-mutuel betting was legalized in Florida. Frank J. Bruin, then general manager of Madison Square Garden, persuaded Atlas Finance Company of Montreal to put up more than $800,000 to rebuild the track for horses. No one in Miami knew that Atlas was owned by Canadian bootleg interests who had supplied the Big Seven with liquor during Prohibition. Not even the appearance of "Big Bill" Dwyer, fresh out of prison, worried anyone. Dwyer announced that he was the American representative and fiscal agent of Atlas, so he was immediately named managing director of Tropical Park.

By 1934, however, a change was indicated. The track needed new money to keep going. Lansky, ever alert, sent Frank Erickson in with an offer. There was some hesitation, but Lansky had an ace up his sleeve. One of the contractors who had landscaped the new track in 1931 was James Donn—and he hadn't been paid. A few threats from Donn, and Erickson had his deal.

With his foot in the door Lansky continued to exert pressure, and the track continued to lose money. By 1936 Dwyer withdrew and Atlas sold its stock. The purchasers were a strange group of respectables:

A gentleman listed as "A. Denby" proved to be the father-in-law of Owney "the Killer" Madden of Hot Springs. William O'Brien turned out to be the brother-in-law of Owney's brother. Jane Levy was revealed as the widow of "Big Frenchie" Fox, an ex-partner of Madden in bootleg days. Then there was Herman Stark, former manager of Madden's Cotton Club in New York, and, in later years, a most trusted lieutenant of Lansky in Havana and the Bahamas.

The Chicago boys sent down John Patton, the so-called Boy Mayor of the old Capone stronghold of Burnham, Illinois. He was then a close friend of Paul "the Waiter" Ricca.

As usual, Lansky was invisible—but his friends were in charge of Tropical Park. Later he found another opportunity to get control of a racetrack. Gulfstream Park had been built just across the line in Broward County at the intersection of U.S. 1 and Hallandale Beach Boulevard. The original builders were bankrupt. One of the biggest creditors was the selfsame James Donn with the unpaid bills at Tropical Park.

At Lansky's suggestion, and over the objections of Carfano, Miami and Miami Beach were declared to be open cities. Any syndicate member in good standing could invest there. And all the regional mobs quickly took the hint. Money poured into the area from Philadelphia, Cleveland, Detroit, St. Louis, Chicago, and, of course, New York. The vision of Al Capone was justified even as Al awaited his release from prison to return to Palm Island in the middle of Biscayne Bay to die. Inevitably, Lansky won the friendship of the new arrivals, while Carfano, who wanted it all for himself, lost face and power.

Meanwhile, Lansky began a diversionary operation. His early visits to Havana had won him the friendship of Batista and had given him an inspiration for an offshore gambling empire. In 1935 he began building that empire. By 1937 he was operating the huge casino in the Hotel Nacional and had leased the local racetrack from the National City Bank of New York.

The Depression still lay heavily on the land in the 1930's, and high rollers were in short supply. Only the rich could afford to gamble, and both Miami Beach and Havana were beyond the reach of middle America. By later standards the operations were small. Lansky was building with an eye to the future. When the time came after World War II, he would be in a position to cash in on his earlier investments.

There was more money to be made in narcotics. For some years, Lansky, Lepke, and Jacob "Yasha" Katzenberg had operated an opium plant at 2919 Seymour Avenue in Brooklyn. It processed raw opium into heroin. Associated in the deal were such notables as Louis Stark, Jack Shapiro, "Tootsie" Feinstein, Solly Gross, and Benny Harris.

On February 25, 1935, the plant blew up.

The fire that followed the explosion failed to destroy evidence of the plant's function. Agents of the Federal Narcotics Bureau were called in; informants whispered of Lepke and Lansky, but getting proof was another story.

Lansky met with Lepke a few days after the blast to consider what to do. Both men agreed quickly that to attempt to operate another opium plant would be highly reckless, indeed. However, Lepke was not ready to quit the narcotics business.

Back in the twenties when Rothstein decided rum-running was getting out of hand, he turned to narcotics smuggling. Yasha Katzenberg had been his principal aide in setting up pipelines to Hong Kong. He knew the ropes and would be willing to try again. Lepke had a fix in with certain Customs officials in New York and could guarantee the passage of any number of trunks that Katzenberg could send or bring back from the Orient.

"It's foolproof, Meyer," said Lepke.

Lansky stared at the soft eyes of his old friend. With his control of the clothing industry in New York, to say nothing of a hundred other rackets, Lepke had become a top man in the NCS. Yet his ambition grew with his wealth, and perhaps his ego as well.

Gambling was one thing—a clean racket—but horse was another. Politicians and the public could wink at handbooks and casinos; the dope trade was safe only as long as it was concealed. The explosion of Seymour Avenue wouldn't be forgotten. A shift to smuggling was a step in the right direction, but only a step. Better by far to put the racket back on the shelf for a while and concentrate on other things. To continue would be to court disaster.

So Lansky reasoned, but he said nothing of his thoughts. Let Lepke stick his neck out if he wished.

"Sounds like a good idea, Lep," said Lansky softly, "but count me out. I'm overextended now, if you know what I mean."

Lepke knew. In fact, he had warned his friend about spreading himself too thin about the country. Too much dependence on other people. "You don't mind if I go on without you?"

"Hell, no," said Lansky. "Go ahead and best of luck. Maybe later when some of my joints start paying off, I can buy in on your deal."

"Any time," said Lepke, and the two men shook hands warmly.

"Need any help with the fur business?" asked Lansky as he headed for the door.

"Nah," said Lepke. "It's in the box."

The reference was to a federal indictment returned in 1933 which charged Lepke, "Gurrah" Shapiro, and 156 others with violating interstate commerce laws related to the fur trade. Trial of the case was pending. All the defendants were found guilty and given the maximum sentence—two years in prison and a $10,000 fine. Little enough, but more than Lepke wanted. When Judge John C. Knox refused to permit bail pending appeal, Lepke turned to U.S. Circuit Judge Martin T. Manton, who had rendered service for "Big Bill" Dwyer back in the twenties. Manton promptly released Lepke on $3,000 bail and later was presiding judge when the circuit court reversed Lepke's conviction.

As the man had said, it was "in the box."

Lansky's decision to stay out of Lepke's smuggling venture helped his youthful partner Bugsy Siegel reach a decision. Since his first visit to California several years earlier, Bugsy had the itch to go West.

"They ain't many virgins in Hollywood," he explained to Lansky, "but it's virgin territory for us. If things are getting so hot around here, maybe I ought to set up shop out there. If I don't do it, somebody else will. Hell, I might even make a movie myself. George Raft says he can fix me up with the brass."

Lansky grinned. They had Hollywood where they wanted it: Paul Ricca and his boys followed by Lep had control of the union, and the big studios were shelling out millions. "You don't need Raft or anybody else. Just move in and take over."

"Then it's okay?" asked Bugsy.

Lansky thought it was a damned good idea. Bugsy should organize the place, and while at it, keep an eye on Nevada. "They got legal gambling there, you know."

"You're kidding," said Bugsy Siegel. "There ain't no such thing."

"You might have a little trouble with Jack Dragna," Lansky said thoughtfully. "He's Mafia and pretty big. I'd better tell Lucky to give him the word to cooperate."

"He'll cooperate," promised Siegel.

His partner told him to watch himself with the women, ending the interview that was to shape the future of Nevada.

Shortly after Lucky Luciano passed on an order to Dragna, who gloried in the title of Al Capone of Los Angeles, to give the National Crime Syndicate's representative elbowroom in the West, he called on Lansky in a somber mood. His stoolie in Dewey's office said he was next on the list. He'd seen a memo.

Lansky asked what the rap was going to be.

"Broads," said Lucky. "The s.o.b. says I'm the vice lord of New York."

"Anything to it?" Lansky wanted to know.

"Hell, no. I've played around, helped a few madams get started, and that sort of thing, but who hasn't?"

Lansky said nothing.

"It's going to be a frame," Luciano continued after a pause. "That's all it could be."

Lansky reminded him he had once told him that Dewey was ambitious. "When La Guardia pinned the 'public enemy' label on you, it almost had to happen. If he can nail you, he's sure to be elected D.A., and after that it's the governor's seat. If he can get Lepke, too, he might even make it to the White House. Roosevelt did."

"Yeah, and we helped the bastard get there." Lucky snorted. "And what good did it do us? Think he'd give me a pardon?"

"Not Roosevelt," said Lansky, "but maybe Dewey will."

"Are you hitting the horse?" asked Luciano. "He's going to put me in and then let me out?"

"Stranger things have happened in politics," replied his friend. "Just remember my promise."

On the night of February 1, 1936, special prosecutor Dewey struck. More than 40 brothels in Manhattan and Brooklyn were raided by flying squads of detectives working under Dewey's orders. More than 100 prostitutes were arrested as well as a number of pimps.

The grilling went on for days. Dewey hoped to find a few squealers who, in return for a deal, would put the finger on Luciano. He succeeded. Whether or not their song was sincere remains a matter of some dispute. Luciano maintained until his death that he was framed. Lansky believed him.

When enough madams had told stories implicating Lucky as the Boss, and a few pimps had added confirmation, the hunt for Lucky began. As previously noted, he was found in Hot Springs and, after considerable difficulty, returned to New York where a new indictment containing ninety-one counts was waiting. Extortion and organized harlotry were the charges. Bail was set at $350,000.

The trial was a circus. Dewey paraded scores of whores, madams, and pimps to the stand, giving New Yorkers a picture of commercial sex sufficient to jade the appetite of any voyeur. Almost all of them said what was expected—that Charlie Lucky was the Boss.

Conviction was a foregone conclusion, bearing in mind the reputations of Dewey as the "fighting district attorney" and Luciano as "the czar of organized crime." In his opening address, Dewey acknowledged that "never did Lucky or any codefendant actually see or collect from the whores," but he painted him as the man at the top who gave the orders.

Testifying in his own behalf, Lucky stated that his business was "gambling houses and booking horses." He might have saved his breath. After the jury had found him guilty on all counts, the presentence report added insult to injury. It stated in part:

"His ideals of life resolved themselves into money to spend, beautiful women to enjoy, silk underclothes, and places to go in style."

Spotlighted were not the factors that made him dangerous to society—his long and dangerous fight to Americanize the Mafia, the way he had helped introduce business methods into crime—just the easy vices that brought him publicity and made him a target for ambitious politicians.

Reading those words in Florida, Meyer Lansky found confirmation of the personal policies he had decided on long before. Survival in the jungle of crime and politics required not only courage, brains, and patience, but also limited appetites.

Shortly after Lucky was convicted, Lansky invested heavily in a food-store chain that was in financial difficulties in southern Florida. Part of the money came from his share of the profits of a large handbook in the Hollywood (Florida) Beach Hotel. During the winter season it had a daily handle in excess of $50,000.

And he made brother Jake take out naturalization papers.

# 6

AS his last official act before going off to Dannemora Prison to serve 30 to 50 years, Lucky Luciano designated Joe Adonis to act as coordinator between the National Crime Syndicate and the Mafia.

This meant Adonis was to work closely with Meyer Lansky whom Lucky regarded as the real brains in the NCS and the man with power outside New York. Lucky was looking ahead. Relying on Lansky's promise, he expected to get out of prison within a reasonable time and wanted to keep his organization intact. Adonis was loyal and wouldn't try to take over, and the help of the Honored Society would strengthen Lansky's position.

To the *capos* in the various cities went couriers with the message: "Cooperate with Lansky; he has promised to spring the Boss."

In thus passing the word, Lucky hoped to put his friend on the spot. If he kept his word, he stood to gain tremendous prestige. If he failed, the Honored Society would know whom to blame.

Lansky was shrewd enough to know exactly what Lucky was doing and was entirely agreeable; it fitted perfectly into his general program. The man who got Luciano out of prison would achieve an almost unique status within the organization. This was directly in line with his ultimate objective.

At that point Lansky had no specific plan of action to achieve his goal. Carefully he had marked his potential rivals; they would be taken care of one by one over the years. It was a game for Meyer Lansky, a game of wits with living players. Wealth was not the objective, for of that he had more than enough, nor were the trappings of power. It was the exercise of power that Lansky enjoyed; to study others, to profit by their mistakes was his technique. He was only thirty-four when Lucky was convicted. He had plenty of time.

The execution of Dutch Schultz in 1935 got his name on the front page of the New York *Times*. But it was only one name among many. The conviction of Lucky in 1936 brought more publicity, but again he was not singled out. Few people outside the NCS had any idea of his active role in many parts of the country. His task at this point was to create a base for future operations, to make friends by helping individual gangsters make money, while remaining as much of a mystery as possible.

To conceal his profits from gambling operations in Florida, Lansky in February, 1937, opened an account at the National Shawmut Bank of Boston. The money was rolling in from joint ventures in Miami as well as Broward County. Moe Dalitz, his old friend of the Cleveland Syndicate, joined with Meyer to operate the Frolics Club. A local gambler on Miami Beach surrendered to pressure and Carter's became another joint venture. Moe "Dimples" Wolensky, a longtime associate, represented Lansky's interests. Carfano wasn't happy about it, but he didn't dare challenge the NCS.

In May of the same year, Anna Lansky announced she was pregnant. Relations between the two had been outwardly correct, but Meyer was on the road almost constantly. Buddy, although crippled, was a bright boy who responded to special tutors and worshiped his father. Paul was closer to his mother. To both children, the father was just a businessman who traveled a lot. Anna asked no questions; when front page stories listed her husband as a major gangster, she suffered such fits of depression she feared she would lose her mind. Yet her bed was open to Meyer at all times.

The baby was born December 6, and to the delight of the parents was a girl. Anna named her Sandra and in the joys of motherhood forgot for a time the fear that gnawed at her.

As for Lansky, events were pressing him now, events that he had in part foreseen and planned to exploit. It was a time for caution, for utilizing all his skills of tact and diplomacy.

In November, as Anna was big with child, a federal grand jury indicted Lepke and his narcotics-smuggling ring. Anticipating trouble, Lep had gone into hiding four months earlier.

The operation devised by Lepke and Katzenberg had enjoyed fantastic success for a while. Six shipments of heroin with a retail value of $10,000,000 had been smuggled in from the Orient. It came from Shanghai and Hong Kong and was brought to this country by a strange collection of world travelers who were paid $1,000 per trip and all expenses.

Two Customs men were bribed to help get the shipments into New York. In those days clearance stamps were pasted on to indicate a trunk had passed inspection. Eight colors were used, and no one was supposed to know the color of the day. The Customs official, for $1,000 a trip, tipped Lepke to the color. When the trunks were unloaded, the right stamp would be pasted on and a porter would carry it through the gates to a waiting car.

Meyer Lansky's instincts in staying out of the deal with Lepke were soon justified. The stakes were too high and there was too much heat. Someone talked, and the Federal Narcotics Bureau got the jump on Dewey, whose men were probing the garment industry and the bakery racket, in a race to get Lepke.

From his hiding place, Lepke called on all the resources of Murder, Inc., to eliminate the witnesses against him. Albert Anastasia, who was paymaster of the Bums, was happy to oblige. Not only did he keep the gangster well hidden, but he personally ordered the execution of at least twelve witnesses.

The silent war between the invisible Lepke on the one hand, and the forces of law and order on the other, was a natural for ambitious politicians and empire builders. The hunt for Lepke became the biggest sensation since the Lindbergh kidnapping. One million "wanted" circulars were distributed throughout the country, and the search was literally worldwide. He was rumored to be in Poland; other stories had him in Havana under the protection of Batista; he was said to be in Greece where Katzenberg was captured.

J. Edgar Hoover called Lepke "the most dangerous criminal in America" and dropped the pursuit of bank robbers to meet with his rival gang buster, Tom Dewey. Sitting in was Harry J. Anslinger, head of the Federal Narcotics Bureau, and New York Police Commissioner Lewis J. Valentine. For the first time a coordinated effort against crime was worked out. The four men decided to continue their individual efforts but to pool all information at the top level. The FBI offered a $5,000 reward, and Dewey added another $25,000. Little enough, considering the money and power available to Lepke.

It was the time of the Big Heat. Lansky found business in Havana and stayed there much of the time, while keeping in close touch with developments in New York. Even then he wasn't safe. The FBI interviewed him at the Hotel Nacional in 1939. Beyond listing his office address as 1450 Broadway, New York City, Lansky gave little information. He hadn't seen Lepke for years, he said, but was certain the guy wasn't in Havana.

Lansky had every reason to be certain—he knew Lepke had never left New York. While the greatest manhunt in history shook the bushes from Boston to Los Angeles, Lepke was living like a king in a variety of hideouts provided by Anastasia. He put on some weight, grew a bushy mustache, and took long walks. Meanwhile, he bossed his industrial rackets and gave contracts for the elimination of possible witnesses.

Big as he was, Lepke had to have the consent of the board of directors before ordering anyone knocked off. Lansky, as a ranking member, had to give his consent, and it posed some problems. Lepke had to be given his way, up to a point. To refuse to cooperate would have endangered all Lansky's plans. Yet Lansky wanted some witnesses to survive; he wanted Lepke caught and convicted. Timing was the important thing. If the heat continued long enough, it would be possible to argue that Lepke had to be sacrificed for the good of the rackets.

Harry "Big Greenie" Greenberg provided an object lesson. A longtime enforcer for Lepke, Big Greenie went on the lam when the heat began. He got as far as Montreal before his money ran out. Reasoning that Lepke wanted him to stay lost and had plenty of cash, he wrote to a friend in New York asking for dough. Implicit in the request was the threat that if Lepke didn't supply it, Big Greenie might just try for the $30,000 reward the cops had put on Lepke's head.

It was a reckless thing to do. To have paid Big Greenie anything after a threat would only invite more demands later. The man was dangerous—and not just to Lepke. If he talked, he could put Meyer Lansky in the soup, for he had worked with Lansky in the garment industry as well as with Lepke.

A kangaroo court met in Prospect Park one night and passed the death sentence on the absent Greenberg. The contract went to Albert "Allie" Tannenbaum, a trusted triggerman who had learned the ropes with the Bugs & Meyer Mob. Allie immediately went to Montreal, but Big Greenie had decided discretion was the better part of valor. He had disappeared. He surfaced briefly in Detroit but vanished once more before Tannenbaum could get there. Months passed and no word. Meanwhile, the increasing heat on both the syndicate and the Mafia had cooled the respect and, indeed, the affection in which Lepke was held. The word spread that Lep was kill crazy, and even those who had no legitimate reason to be worried felt threatened. Lansky passed the word that a deal could be made for Lepke. He could be turned over to the Feds and put away on the narcotics rap.

Then, when the time was ripe, he could be sprung. He might be through as a racketeer, but he had stashed away plenty of loot—he wouldn't starve.

Anastasia objected, arguing that the heat would soon pass. Big Albert sensed that if he could save Lepke, he would be well rewarded and perhaps replace Lansky as the syndicate's gambling man. Lansky, he argued, was too soft. If Dewey had been knocked off back in 1935 as Dutch Schultz suggested, all this trouble wouldn't have happened.

But in confiding his suspicions to Lepke, he aroused a fear in the man. Lepke knew well the unwritten law that any man could be hit if he refused to cooperate for the good of the organization. Lansky was powerful enough to persuade the board of directors to sentence Lepke to death. Anastasia could protect him from the FBI, from Dewey, but no one could protect him from the judgment of the NCS.

As Lepke wavered, at the right pyschological moment Lansky sent in Dimples Wolensky with a bright thought. A deal had been made with J. Edgar Hoover, he said. Hoover guaranteed that Lepke would remain in federal custody and his cooperation would be taken into account if he were convicted on the narcotics rap.

Hoover, as head of the "G-men," had a national reputation. While he had never moved against organized crime as such, and, in fact, denied that such an animal existed, he was a national hero. If you couldn't trust Hoover, you couldn't trust anyone—or so Lepke reasoned.

A deal of sorts was worked out. Details have been buried in the FBI files for obvious reasons. One version has leaked out, however, and it differs from the popular one so publicized by Walter Winchell.

The head of a giant liquor company, whose roots went back to Prohibition and whose friends included Johnnie Torrio and Meyer Lansky, made contact with a high-ranking subordinate of Hoover, and arrangements were made to surrender Lepke. The aide was told that Lepke would be promised no state prosecution; Hoover was not informed of the promise. The aide was later given a good job by the liquor man.

Winchell, the newspaper columnist and radio personality, had been broadcasting appeals to Lepke to surrender and was brought into the act to explain how contact was made. In return he would get the scoop of the year, and Hoover's prestige would be enhanced beyond the wildest dreams of his press agents.

Everyone, in fact, would profiit but Lepke.

The story of the surrender has been told many times. Anastasia, still sullen, still protesting, drove Lepke from 101 Third Street, Brooklyn—the last of his hideouts—to Manhattan. On Fifth Avenue at Twenty-eighth Street, the car stopped. Lepke, wearing dark glasses, got out and walked to a parked car where Winchell and Hoover waited.

"Mr. Hoover, this is Lepke," Winchell said formally.

"How do you do?" said Hoover, as the man he had hunted throughout the world sat down beside him.

"Glad to meet you, I'm sure," said Lepke.

But he was considerably less glad by the time the ride ended. Lepke discovered that Hoover knew—or pretended to know—of no deal. As far as he was concerned, Lepke had just surrendered as any good citizen would do upon learning he was wanted by the FBI.

Actually, Lepke wasn't legally wanted. The FBI had entered the hunt on the assumption that Lepke as a fugitive from a federal indictment had fled across state lines to avoid prosecution. In fact, of course, Lepke hadn't left New York City.

Lepke almost leaped from the moving car when he learned the truth. But a glance out the window convinced him that to do so would be instant death. The FBI had not allowed its chief to go on a dangerous mission alone. Cars that had been hidden in the shadows were escorting them now, and those cars were filled with special agents who had gunned down John Dillinger as soon as he made a gesture toward his pocket. The FBI had made its reputation up to that point by killing—not convicting—the Ma Barkers of the Midwest. The public applauded as FBI spokesmen pointed out how the state had been saved the expense of a trial.

While there was life, there was hope, decided Lepke, and he stayed where he was. But his thoughts turned to Moey Dimples who had sold him a bill of goods.

Anastasia remembered Dimples too, and perhaps that is the reason why four years later the man with the cutest nickname in all Mobdom was shot down in midtown Manhattan. Had Albert dared, he would have gone after Lansky—the man who he believed gave Dimples his orders—but Lansky was bigger than ever. Anastasia decided to wait. Despite his temper, he, too, possessed patience. To have killed Lansky, assuming it were possible, would have brought down the vengeance of the Mafia which was still waiting for Lansky to get Lucky out of prison.

In Havana Lansky heard the news with ironic amusement. Lepke would be convicted on the narcotics charge and sentenced to fourteen years. But that was only the beginning.

Dewey, enraged when Hoover and Winchell captured the headlines, charged that Hoover had broken their pact on pooling information. Dewey had not been informed of the deal and didn't even know Lepke was in New York until he read it in the paper.

Nevertheless, he made the best of a bad situation. Lepke was promptly indicted for his extortions in the bakery field. Conviction was easily obtained, and Lepke—still claiming he had been double-crossed—was given another sentence. This time it was for thirty years to life, and Dewey could claim to have achieved twice as much as the Feds.

The surrender of Lepke, coming as it did a few months after the conviction of Johnnie Torrio on income-tax charges, made 1939 a decisive year for Lansky. By the process of elimination he was coming closer to his goal. A New York *Times* story on September 4 listed him while detailing the rackets exposed by Lepke's indictment. But again he was not singled out. Commissioner Valentine might call him a "public enemy," but as long as he was not rated No. 1 he was safe. A police investigator might call him "the brightest boy in the Combination," but the report was not released to the press.

And now came new developments to divert public attention. Hitler sent his armies into Poland, and World War II began. With international gangsters getting all the publicity, a man like Lansky could relax.

The war, however, had a direct influence on Lansky. German submarines roaming the Caribbean sank oil tankers almost at will—and the stream of tourists to Havana dwindled to nothing. Cruise ships stopped coming, and the casinos and brothels were empty.

"You can't live off the Cuban people," Lansky said later, so he packed his bags and returned to Broward County. Conditions weren't much better there. Reluctantly Lansky decided that his gambling empire would have to close down for the duration or, at best, operate on a limited basis. It was time to look for other fields.

A few months later, as if to symbolize his decision, he closed his Boston bank account.

The case of Big Greenie was not as easily closed. When Greenberg reappeared after months in hiding, the problem of Lepke had been solved; yet the danger to Lansky remained. Which may help to explain why Bugsy Siegel risked his neck.

Greenberg was found in Hollywood, California, the personal province of the handsome Siegel. Perhaps he was trying to get as far away from New York as possible. On the other hand, he might have hoped to make peace with Lansky by appealing to Siegel. If so, he waited too late to try.

Bugsy immediately reported Greenberg's location and personally rushed East to decide what should be done. In conferences with Zwillman, Adonis, and by courier, with Lansky, the original death sentence was reaffirmed. Siegel went home to keep an eye on the target while Tannenbaum made ready to finish him off.

From a waterfront pier two guns were stolen and delivered to

Tannenbaum just before he boarded a plane in Newark. The courier was Longie Zwillman.

In Los Angeles a few hitches developed, and Siegel—who hadn't killed anyone for several years—decided he'd better oversee the execution in person. A lot had happened since Siegel won his spurs with the Bugs & Meyer Mob, and even the reckless Bugsy had learned the value of insulation. Yet here he was, the West Coast representative of the National Crime Syndicate, going out on a hit like any two-bit gunman. Perhaps he feared that if Big Greenie talked, he as well as Lansky would be implicated. Or perhaps he was just bored and thought a killing would help keep the restless Jack Dragna in his place.

Big Greenie was living at 1804 Vista Del Mar and taking full precautions. He went out only at night to buy a newspaper. On November 22, 1939, almost three months after Lepke surrendered, he left as usual to buy a paper. Returning a few minutes later, he passed two cars parked at the curb. One car blinked its light, a signal to the gunman waiting in the shadows in front of Big Greenie's house.

Unsuspecting, Greenberg stopped. The gunman walked over and pumped several bullets into him. Burton Turkus, the assistant district attorney who investigated the case, identified the killer as Frankie Carbo, the Mob's fight manager who in his day handled several world champions. Siegel and Tannenbaum waited in the cars. Later that night, Tannenbaum was driven to San Francisco where he caught a plane back to New York to report mission accomplished. Siegel went home to telephone Lansky, then at the Nacional in Havana. The conversation was cryptic.

"Know something, Meyer?" asked Bugsy.

"What?" asked Lansky.

"Tomorrow's Thanksgiving," said his ex-partner. "You can celebrate."

There was a brief pause, then as casual as ever, Lansky commented:

"You're wrong, Ben. Today is Thanksgiving here and I'm already celebrating."

Siegel looked at his watch and remembered the time differential.

"Damned if you ain't right," he said.

The Big Heat in New York, coupled with Lepke's attempted war of extermination, had made a lot of minor punks nervous and angry. Inevitably, one of them decided to talk—and he set off a chain reaction without precedent in criminal history.

The man who started it all was Harry Rudolph, an allegedly unstable character considered somewhat crazy by police and hoods as well. On January 24, 1940, the district attorney of Kings County (Brooklyn) received a note from Rudolph, who was then in the city workhouse serving time for a misdemeanor. Rudolph wanted to talk about a murder.

The D.A.'s men went to see Rudolph. He had been brooding about the murder of Alex Alpert, a good friend, who had been knocked off by the "Bums of Brownsville" on November 25, 1933. When asked why he waited so long to talk, Rudolph replied that he had been trying to talk for years but no one was interested. Either his reputation as loony had prevented anyone from taking him seriously, or his insistence on the existence of a murder mob sounded too preposterous.

The district attorney's office was then engaged in a drive to rid the streets of hoodlums. Rudolph's story gave them an excuse to pick up three notorious hoods and at least hold them for trial. An indictment was quickly secured and warrants issued. One of the men named was Able "Kid Twist" Reles, an old associate of the Bugs & Meyer Mob.

A day later, Reles walked in and surrendered. He had been arrested many times and, in fact, was currently charged with vagrancy and free on bond. This time he was sent to the Tombs to await trial. Slowly it dawned on him that this rap might be serious. An attorney visited him on March 21 and apparently confirmed his worst fears. Immediately after the lawyer left, the Kid wrote a note to his wife instructing her to tell the district attorney, William O'Dwyer, that he wanted to talk.

In retrospect, the decision of Reles was not surprising. For several years minor gangsters had been singing to Tom Dewey in return for immunity. As the boys put it to each other:

"I went down to Dewey's office and cut myself a piece of cake."

The surrender of Lepke convinced a lot of hoods that it was time to look after themselves. Reles, one of the smartest, wasn't worried about the Alpert killing; he knew all too well that under New York law more than the testimony of one man was needed. But there were scores of other murders, and who knew when someone else would get the bright idea to squeal first? If anyone were going to sing, Reles wanted to be the canary.

All he asked of O'Dwyer was complete immunity in all murders. In effect, he got what he wanted. O'Dwyer promised to give him immunity in every case in which he supplied information. If he held back anything, and evidence could be secured elsewhere, he'd have to take his chances. It was a shrewd deal; only by making a complete confession about every murder in which he was involved could he be sure of ultimate freedom. He also recognized that if he were to live to enjoy that freedom, he had better nail as many gangsters as possible.

So the song began. Blessed with almost total recall, Reles wore out a string of stenographers as he talked for twelve straight days, supplying intimate details of more than eighty-five murders and information about a thousand more.

One of them—just one of them—was the execution of Big Greenie in Hollywood, California. Reles could link Bugsy Siegel to the crime, having been present at some of the conferences in New York prior to the killing. He could also finger Allie Tannenbaum who had carried two guns West and participated in the rub-out. Allie was picked up immediately, and after sitting in a cell for a few weeks decided that, like Reles, he'd better make a deal. In due course he got around to the murder of Big Greenie.

Under heavy guard, Reles and Tannenbaum were flown to Los Angeles and, amid great secrecy, testified before a grand jury. Five men were indicted for murder, and among them were Frankie Carbo and Bugsy Siegel. But both had vanished before the indictment was made public.

Siegel was found hiding in the attic of his $200,000 thirty-five-room home. When he denied knowing any Big Greenie, he was reminded of the picture made years before when he, Lepke, Big Greenie, and several others were arrested in the Hotel Franconia. Bugsy had no comment.

After being questioned in a hotel room, Siegel was taken to jail where a horde of reporters and photographers was waiting. He borrowed a comb and a necktie from an obliging detective, dusted off his shoes, and faced the press his usual debonair self.

Jail was not too great a burden for Bugsy. Evidence was uncovered showing that he lived like a king in prison and was permitted to go out for a night on the town when he became too bored. To the Hollywood starlets, he was now a bigger man than ever—a romantic figure. After making dozens of gangster movies, the stars and would-be stars found it thrilling to have a real one in their midst. Records seized from Bugsy's home proved just how popular he had become—and how much money he had borrowed from film personalities who never expected to get it back.

To an uneasy Lansky, Bugsy sent a message of reassurance: "Don't shit in your pants, bud; I've got the D.A. in my jock strap."

How much of this was a boast remains unknown, but on December 11, 1940, John Dockweiler, the newly elected district attorney of Los Angeles County, went into court and moved the indictment be dismissed. Only later was it learned that Siegel had contributed $30,000 of the Mob's money to Dockweiler's campaign. Allegedly, from his cell Bugsy wrote an angry letter demanding a refund and got it. He also gained his freedom.

California authorities have since blamed O'Dwyer back in Brooklyn. Allegedly, O'Dwyer—who, like Tom Dewey, had political ambitions—didn't want to risk his precious stool pigeons out in the wilds of California where any conviction would feather some other prosecutor's nest. Allegedly, he refused to let Reles and Tannenbaum fly out to testify.

Burton Turkus, the assistant district attorney who did most of the work for O'Dwyer in the Murder, Inc., probe, gave another explanation. It was discovered that one of the local witnesses—that is, California witnesses—had not told the whole truth, so the indictment was thrown out. Bugsy, now more of a celebrity than ever, went free.

Some months later, a bewildering series of events began that even now is not fully explained.

Early in September, 1941, O'Dwyer permitted Tannenbaum to fly West again to testify once more before a grand jury. A new indictment was returned, this time naming only Siegel and Carbo as alleged murderers. Lepke, who had been named in the original indictment as a coconspirator, was not mentioned. Apparently the theory that Greenberg had been killed to protect Lepke, and on his orders, had been dropped.

On September 15, 1941, Lepke went on trial again—this time for a New York murder. Reles and Tannenbaum were the principal witnesses, but there were others who could supply the necessary corroboration to Tannenbaum's testimony.

Tannenbaum testified on November 11, 1941, and his tale of murder put Lepke in the electric chair.

One day later, Abe Reles, the canary who could sing but couldn't fly, went out the window of the Half Moon Hotel on Coney Island where he had been guarded by picked men behind steel doors. He was found dead on the pavement.

The murder of Reles—no one who knew the man believed he killed himself or died by accident attempting to escape—didn't help Lepke. On December 1, 1941, Louis Buchalter—to use Lepke's right name—was found guilty of murder in the first degree. Next day, a stern judge sentenced him to die.

But Reles' death got Bugsy Siegel off the hook in far-distant California. As in New York, state law required corroboration of the testimony of an accomplice. Tannenbaum's testimony was not enough, and there was no other witness to confirm Siegel's part in the death of Big Greenie. Shortly thereafter, the second indictment against Siegel was dismissed. The case was closed.

The details of how Reles was tossed out the window while six guards slept have never been made public. The entire affair was hushed up, and not even the Kefauver Committee could unravel it.

A newspaper report quoting an unidentified official got little attention. The official allegedly said: "A well-known West Coast racketeer was sent here a month ago with orders to see that Reles escaped or was killed."

Another story reported that "powerful West Coast interests" got word to Reles that he would be $50,000 richer if he fled before the trial of Bugsy Siegel.

An official investigation of these reports uncovered the fact that a visitor to Brooklyn, just before Reles went out the window, was none other than Meyer Lansky.

# 7

SIX days after Lepke was convicted of murder, bombs fell on Pearl Harbor and the United States was fighting for its life against the Axis. During much of the struggle, Lepke remained alive as state and federal officials conducted a curious war of their own. Lepke contributed as best he could, allegedly offering information on important officials as the price for his life. The gambit failed, however, and in the last hour of March 4, 1944, he was electrocuted in Sing Sing Prison.

On February 14, 1942, Meyer Lansky as a loyal American registered with the Selective Service Board. He happened to be in Los Angeles at the time, so he signed up with Local Board 242. The registrar, Dorothy K. Leahey, filled out a card. It listed his height at 5 feet 4¼, his weight at 145 pounds, his hair as brown, his eyes as brown, his complexion as dark.

Under "other obvious physical characteristics," she noted, "Scar on right cheek."

Of the registration card, Lansky's place of residence was given as "411 West End Avenue, N.Y., N.Y." A neighbor of Lansky's on West End Avenue was one Thomas E. Dewey.

Lansky's age was given as thirty-nine years and his place of birth as Grodno, Russia. Mrs. Anna Lansky was named as the "person who will always know your address."

Under employer's name and address, Lansky listed "Krieg, Spector & Citron, 727 Monroe St., Hoboken, N. Jersey."

On a separate form, Lansky disclosed that he finished the eighth grade. He also revealed that he was receiving private tutoring in mathematics.

Nothing is perhaps more revealing about the man and his personal goals. Whereas many Mafia punks could neither read nor write, Lansky at the age of thirty-nine was still attempting to improve himself. And nothing was more essential to a man who had already handled millions and was fast becoming the National Crime Syndicate's expert on gambling than a knowledge of mathematics.

On the remainder of the form, Lansky gave his title as vice-president and said his duties consisted of "looking after the operation of sales & employment situation." In the category of "job for which you are best fitted," he wrote "machinist, lathe, shaper or drill press," and noted his experience consisted of four years between 1917 and 1921.

The records were transferred from Los Angeles to Local Board 27 located in Hotel Belleclaire, New York. On July 9, 1942, Lansky wrote a letter on the stationery of Dodge Park Kennel Club, Council Bluffs, Iowa. He noted that while his permanent address remained 411 West End Avenue, New York —"at which place there is always someone to take a message"— he was now "at the above address with whom I am connected. I reside at the Fontennelle Hotel, Omaha, Nebraska. Should you be desirous of communicating with me, I will be at your service."

On November 11, 1943, on the stationery of Manhattan Simplex Distributing Co., Inc., he informed Local Board 27 that he had moved from 411 West End Avenue. His new address, he said, was 211 Central Park West, New York City. At the bottom of the letter was printed a description of Manhattan Simplex: WORLD'S LARGEST DISTRIBUTOR OF WURLITZER AUTOMATIC PHONOGRAPHS.

The two letters record the shifting business interests of Lansky in the war years. Dog tracks had long been popular with the NCS. Al Capone had been interested in tracks near Chicago.

Hyman Abrams had been a partner in the Wonderland Dog Track outside Boston in the racket city of Revere. The Cleveland Syndicate had operated a dog track in northern Kentucky before taking over casinos there. Florida dog tracks were largely Mob controlled in those early days. The same Canadian bootleg interests who built Tropical Park, converting it from a dog to a horse track, owned a dog track in Jacksonville.

The move into the jukebox business as represented by Manhattan Simplex was a syndicate investment. Costello, Adonis, and the rest took part. Ultimately, control of the coin-operated machine industry, as it was called, extended to slot machines, pinball machines, vending machines of all kinds, as well as an exotic gimmick that crossed the jukebox with the motion-picture screen and was known as Scopitone.

As in the days of the beer barons, an army of strong-arm goons used muscle to make sure that local taverns and hamburger joints installed syndicate machines in preference to legitimate rivals. It was a multimillion-dollar business that had the added advantage of dealing in cash.

The move to Central Park West was necessitated by Lansky's growing wealth and influence. His prestige required that his living quarters be on a par with such Mafia bosses as Costello and Adonis. Later, however, Lansky was to decide he had made a mistake. Privately he explained that the move had been necessary in order to maintain his position with the Mafia. Anastasia and others were becoming restless as the years passed, and no progress in releasing Luciano could be discerned.

Lansky knew his promise to win Lucky's release had to be kept if his future plans were to be successful. The key was Tom Dewey. Long before, when Dewey was special prosecutor, Lansky had noted his ambition. His pledge to Lucky was based largely on his gambler's hunch that eventually it would be to Dewey's advantage to release Lucky.

In 1925, when the Bugs & Meyer Mob was in the process of formation, Dewey had been a junior law clerk in New York at a salary of $1,800 a year. The turning point in his career came when he became friends with Sewell T. Tyng, a Republican precinct captain. Tyng got the youthful Dewey interested in politics and later advised him as he moved upward.

A step forward came in 1930 when Dewey met George Z. Medalie during the trial of an important civil case. Medalie was impressed by the young attorney. Shortly thereafter, upon being appointed U.S. attorney for Manhattan, he offered Dewey a job. After some wrangling, Dewey accepted on March 15, 1931, and was sworn in as an assistant U.S. attorney at a salary of $7,500.

In August, 1931, Dewey prosecuted Legs Diamond on a liquor charge. Legs—the outlaw who had outlived Rothstein—was convicted but was murdered before he could serve his four-year sentence. The case was Dewey's introduction to the New York underworld.

Lansky, when he reviewed Dewey's record, was more impressed by a defeat. Dewey had prosecuted Charles B. Mitchell, former chairman of the National City Bank of New York, for income-tax evasion. He was charged, among other things, with having an income of $2,823,405.95 in 1929, while reporting a net loss of $88,000. The Internal Revenue Service said he should have paid $728,709 for 1929 and $121,719 for 1930 in taxes. Yet on June 22, 1933, a trial jury found him not guilty on all counts.

Dewey could make tax cases against such gangsters as numbers king Jose Miro, Lansky noted, but could not convict a millionaire banker. Was there a lesson in the fact that most of the gangsters were allied to Democratic politicians, while Mitchell had been high in Republican politics?

During the tax trial of Waxey Gordon—another conviction—in November, 1933, Medalie resigned. For five weeks Dewey served as interim U.S. attorney but resigned when Democrat Martin Conboy was appointed to the post. It was back to private practice for the young prosecutor. His hopes to achieve fame through racket-busting seemed dead. But then came the big break.

As previously noted, a state grand jury attempting to investigate the numbers racket became annoyed at its lack of progress. Dutch Schultz had largely taken over numbers after Miro's conviction, and his protection extended through Johnnie Torrio to Tammany Hall in the person of district leader Jimmy Hines. One can understand why the district attorney, William C. Dodge, wasn't eager to expose the corruption within his party.

The grand jury on May 13, 1935, excluded Dodge and his assistants from its deliberations and asked for the appointment of a special prosecutor. Governor Herbert H. Lehman suggested four Republicans, but, mysteriously, all declined the task. Politics was at work here, Lansky decided. Dewey got the job by default—and by virtue of his early work as a Republican regular.

Well aware of the potential—the prosecutions of Miro and Gordon had given him insight into the alliance of gangsters and Democratic politicians—Dewey went to work with careful zeal. He insisted on the right of selecting his own assistants. Among them was Frank S. Hogan, who would succeed Dewey as district attorney. Another was Murray Gurfein, of whom more later. Headquarters were set up on the fourteenth floor of the Woolworth Building, and the place was turned into a fortress.

Luciano, already branded by La Guardia as "Public Enemy Number One," became a principal target, but the genial Lucky was elusive. It was, interestingly enough, the assistant Gurfein who brought in the tip that led to the probe of the prostitution racket and Luciano's conviction in 1936.

In November, 1937, Dewey was elected district attorney and now had the title to go with the authority he had been exercising as special prosecutor for more than two years.

Even before Luciano was indicted, Lansky had deduced that Dewey was aiming at the governor's chair. That was confirmed in September, 1938, when Dewey won the Republican nomination for governor. Only as governor could he pardon Lucky, so Lansky and the Mafia leaders who knew his plans had more than a casual interest in the political campaign.

Dewey accepted the nomination in the belief that Governor Lehman would not seek reelection, but Lehman decided to run after all. Even so, Dewey lost by only 64,394 votes—a highly respectable showing by a youngster against a veteran. President Roosevelt didn't hurt Dewey too much by referring to him as a young man who had prosecuted a few "underworldlings."

Underworld sources like to boast of their political connections, real or imaginary. Yet only the naïve will dismiss the boasts out of hand. Organized crime could not exist without political corruption, and enough is on record to prove—in theory at least—that anything is possible.

The boast has been made that Lansky pumped as much as $250,000 into Dewey's campaign. That no record of such a contribution exists is not surprising. Lansky, say underworld sources, simply followed standard procedure in such matters and used respectable fronts as his agents. Utmost discretion would have been required in any case. Where the goal was the ultimate release of a Lucky Luciano, even more care would have been needed.

To win Luciano's release, it was considered necessary to first put Dewey under obligation. Then, at the right time, an adequate excuse would be invented, as it has been in similar situations: New evidence has been produced; doctors have come forth to testify the prisoner is suffering from a terminal illness; the prisoner has been shown to have served the state in some fashion, perhaps by giving information that led to the conviction of another notorious gangster.

If something of the sort was indeed the plan, it suffered a setback when Dewey lost. Worse, by Lansky's thinking, in losing he became a national figure. Roosevelt was approaching the end of his second term, and few supposed he would defy tradition and run again. Prospects for a Republican victory looked good, and Dewey was a logical candidate to lead the GOP to power.

Meanwhile, of course, he was still district attorney. Needing new laurels to brighten the "fighting D.A." image, he sought to be first to convict Lepke. Failing that, he scheduled trial of the already convicted gangster on the bakery-racket indictment for August of 1940. Had things gone as expected, he would have achieved national headlines in the middle of the Presidential campaign.

But fate defeated Dewey again. Wendell Willkie came out of nowhere to challenge him for the nomination, and packed galleries in Philadelphia stampeded the delegates with their shout, "We want Willkie."

It was far from a fatal blow. Many considered Dewey too young. (Harold Ickes remarked that Dewey "had thrown his diaper into the ring.") Willkie was older, a successful businessman, and liberal enough to woo votes from the Democrats. There would be time for Dewey later.

So back to the old grind went Dewey and added a useless conviction to Lepke's blotter. But politics had supplanted crime-busting in his mind, and Lansky, ever hopeful, sent word to Lucky to be patient. Dewey couldn't lose forever.

A new drive for governor began in January, 1942, and this time there was no stopping Dewey. He won nomination easily, after promising not to seek the Presidency in 1944, and was elected governor by better than 600,000 votes. Prior to running, he gave the nod to his capable assistant Frank Hogan to go after the district attorney's office. Hogan also won easily and has hung onto the job for more than thirty years.

Once again, if the gangsters are to be believed, Lansky made large contributions to Dewey's campaign through respectable third parties. Realistically speaking, Lansky would have been happier if the race had been tighter: His clout would have been greater when the time came to use it.

With the world at war, the rules were changed. Emphasis was no longer on local gangsters, and reform sentiment was muted. The only thing that mattered to most Americans was the war effort. The gimmick, therefore, was obvious. If a way could be found for Luciano to contribute, or seem to contribute, to the defeat of the Axis, Dewey would be justified in freeing him.

The beginnings of Operation Underworld are still shrouded in mystery. For obvious reasons, Naval Intelligence doesn't want to talk about it. On the record neither does District Attorney Hogan. And without his permission any files that remain cannot be examined.

Nevertheless, after much criticism of Dewey—some of it born of politics—arose at intervals, the official version has been leaked to favored writers. According to their stories, the inspiration for Operation Underworld came from Naval Intelligence in the Third Naval District. The Navy was upset over the possibility of espionage and sabotage on the docks of New York City. A couple of officers got the notion the underworld could be enlisted to keep an eye on German and Italian secret agents. Naturally they turned to the district attorney's office for advice, and at their first conference they met with Hogan—and Gurfein.

Under indictment and awaiting trial was Joe "Socks" Lanza, who through illicit labor unions allegedly controlled Fulton Fish Market, a municipally owned institution and the second largest fish emporium in the world. Gurfein suggested Socks might be willing to cooperate under the circumstances, which, sure enough, turned out to be the case. Socks started building an intelligence network, but after a month or so reported that he was having problems. He just wasn't powerful enough. The only man who could get the job done was—who else?—Charlie Lucky.

It was mid-April, 1942. Dewey was running for governor and considered a sure bet. And here was his ex-assistant, the man who brought in the first tip on Lucky's alleged prostitution-racket connections, getting word that Luciano—behind bars for five years—was essential to the war effort.

Socks' message went first to Commander Charles H. Haffenden, who headed the operation for Naval Intelligence. Needless to say, Haffenden immediately consulted with Gurfein who consulted with Hogan, and the decision was made.

Moses Polakoff, a naval veteran of World War I and a former U.S. attorney, was selected as the man to approach. Polakoff had represented Lucky during his trial and carried his vain appeal to the U.S. Supreme Court. Not mentioned is the fact that Polakoff had also represented Lansky since Prohibition days.

Under the circumstances it wasn't surprising that Polakoff suggested someone else be contacted as well. He has been quoted as saying:

"This fellow knows Luciano a long time; he's an intimate friend. He can give you the right steer. At least he could find out if Luciano would be willing to go into this. I'll get hold of this party and arrange for you to meet him."

The meeting was a breakfast date in a fashionable restaurant. Polakoff made the introductions:

"Mr. Gurfein, meet Meyer Lansky."

Allegedly Gurfein was shocked and even worried lest someone spot him having a cozy chat with the notorious Lansky over breakfast coffee. Nevertheless, he presented the problem and was reassured to hear Lansky say he was sure Lucky would contribute to the war effort. It was decided that Lansky and Polakoff would visit Lucky and get his approval. But first, shouldn't Lucky be moved from Dannemora? It was Siberia—a long way off. Couldn't he be brought to a less remote prison? It would save much time.

Gurfein agreed, and after much intrigue and secret messages delivered by courier, Lucky was transferred to Great Meadow Prison in Comstock, north of Albany.

Three days after Lucky arrived at Comstock, Lansky and Polakoff dropped in to see him. Meyer presented the proposition. According to the official version, Lucky had only one reservation: Practically the same day he was sent away, there was a warrant put out for his deportation. No one knew how the war was going to turn out, he is said to have remarked. If he was sent back to Italy someday and it became known he helped the U.S. Navy in the war, he'd be a goner over there. So mum was the word. No leaks.

He was reassured that even the Navy wanted it kept quiet. All of which sounds ironic in view of what happened later.

At any rate, Lucky agreed to cooperate. Two weeks later, Polakoff, Lansky, and Socks Lanza came calling. Lucky gave Socks orders and promised to see that all the right people got word to cooperate.

For two years the meetings were held at frequent intervals. If some gangster wanted personal assurance from Lucky, he was brought to the prison. But that seldom happened. It was Lansky's job to convey Lucky's orders to the Mafia, and even those writers following the official line admit that "word carried by Lansky would wield the same authority as if Lucky delivered it personally. That was Lansky's standing in the syndicate."

What the writers don't say is that the Mafia members knew very well that Lansky was attempting to free the Boss, and they cooperated completely in the effort. Winning the war was secondary to helping Charlie Lucky by obeying Lansky's orders. Actually, there was no need to continue the meetings once the decision had been made, but Lansky and Polakoff were making a record—and the personal participation of Lucky was essential if the real goal of their conspiracy was to be achieved.

Little time was wasted in starting the wheels turning that would open the prison gates for Lucky. In February, 1943, Attorney George Wolf—Polakoff, for some reason, took a back seat—appealed to the State Supreme Court for a reduction of sentence to time already served. Wolf, who later represented Costello at the Kefauver hearings, based the appeal on Lucky's contribution to the war.

"Luciano has cooperated with high military authorities," Wolf said. "He is rendering a definite service to the war effort."

The judge hearing the appeal wanted to know more, so Commander Haffenden—and Gurfein—were taken into his chambers where in strict security they allegedly disclosed the details of Operation Underworld. Apparently impressed, the judge turned down the application, but he dropped a hint in Dewey's direction. In his written order he concluded:

"If Luciano continues to cooperate and remains a model prisoner, it may be appropriate at some future time to apply for executive clemency."

As Lansky had said long before, "Dewey put him in; Dewey can get him out."

Certainly Lucky didn't expect to be released in 1943. After all, the war was still going and he had served only some eight months in prison. Soldiers and sailors were serving for the duration, and why should Luciano be an exception if his services were of any real value? But the record had to be prepared, the foundation laid. The reference to executive clemency pointed the way and opened the door for Dewey to act at the proper time.

Lansky was well pleased. The prospect of getting out the Boss of the Mafia was very good. Meantime, acting as the voice of Lucky, he extended his control over that jealous society to an unprecedented degree. Even Anastasia expressed himself as happy with the way Lansky was redeeming his promise.

"You're the only bastard with brains enough to do it," he acknowledged.

There was only one dark cloud. Lansky knew, as did every political pundit in the country, that the ambitious Dewey would again seek the Republican nomination for President in 1944. This time, with a favorable record as governor behind him, there would be no Willkie from out of the West to seize the prize out of his hands at the last minute. If elected—and no one thought Roosevelt would try for a fourth term—he might not be available when the war ended to exercise executive clemency.

Of course, Dewey had promised not to run for President in 1944, but a draft could be arranged easily enough if necessary.

Sure enough, Dewey did win the Republican nomination. But Roosevelt, old and tired, had enlisted for the duration as well and wasn't about to quit with the final showdown at hand. And enough of the old magic remained to send Dewey back to Albany in defeat once more.

Meanwhile, Luciano allegedly paved the way for the American invasion of Sicily, birthplace of the Mafia. That he made some contribution cannot be denied. Norman Lewis in his book, *The Honored Society,* published by G. P. Putnam's Sons, has described the cooperation between the invading army and Calogero Vizzini, head of the Mafia on that poverty-stricken island. Tanks came ashore carrying yellow flags with the black letter *L.* The *L* stood for Luciano.

In retrospect, however, the cooperation of the Mafia in Sicily was not surprising. For decades Mussolini had waged relentless war against the Honored Society. The natives welcomed the rich Americans, and Mafia leaders were, of course, happy to be of service to the apparent victors. Perhaps Luciano, the most famous Mafia gangster since Al Capone, helped smooth the way, but a degree of cooperation would have occurred without his aid. After all, such ex-gangsters as Nicola Gentile achieved high position with the American occupying forces; and if he still harbored resentment at the treatment he had earlier received from the Young Turks led by Lucky, he said nothing about it.

Wild are the tales told about Luciano's aid to the war effort—including one that he personally led the invasion—but nothing has been said about a singular contribution allegedly made by Meyer Lansky. The story is told here in full knowledge it won't, perhaps can't, be confirmed, but it comes from sources that can only be described as reliable.

As Lucky's area of influence was the Mafia, at home and abroad, Lansky's was Florida and the Caribbean with his special relationship to Cuba. He became chummy with Fulgencio Batista shortly after that ex-sergeant seized power in September, 1933, and that friendship ripened in the following years as Lansky operated the racetrack and gambling casinos in Havana. The war put an end to empire building, but Meyer planned to resume when the conflict ended.

Batista, meanwhile, encountered some political difficulties. To solve them, he legalized the Communist Party of Cuba in 1938. In 1940, the Communists supported him when Batista—

tired of supporting puppets—got himself elected president for the first time.

A new election was approaching in 1944, and rumor had it that Batista was ready to make new concessions to the Communists. Fearing a complete takeover by the Reds—a not unlikely development as was proved fifteen years later—President Roosevelt sent stern warnings through diplomatic channels. Batista received them politely but made it clear he would be guided by his own interests.

The President, who considered Batista a gangster, decided—so goes the story—that he needed a gangster who could talk tough to Batista. Informed of Lansky's role in Operation Underworld, and of his friendship with the dictator, Roosevelt instructed Naval Intelligence—an agency dear to his heart—to send Lansky to Havana with orders to tell Batista to permit an honest election—or else. The U.S. Navy had plenty of ships and men available, and Roosevelt wouldn't hesitate to use them.

A little awed by his mission, and personally none too happy about it, Lansky spoke to his friend.

Batista conceded, none too willingly, and some private plans were made. It was no surprise that in an honest election held in 1944 Dr. Ramón Grau San Martín, a physician, won in a landslide against Batista's handpicked candidate. Expecting defeat, Batista let a stooge take the fall.

Immediately thereafter, Batista was permitted to retire to an orange grove near Daytona Beach, Florida, up the coast from Lansky's Broward headquarters.

The new administration, while hard on Communists, was corrupt enough. Lansky, whose secret role in eliminating Batista was suspected, found himself still welcome in Havana. And he made preparations against the day that Luciano would complete his war service and would be free to set up a new base of operations.

In underworld circles, the rumor has persisted that Lansky, in exchange for his contribution to American hemispheric security, was promised immunity against federal prosecution. In support of that theory: In 1953 the IRS recommended prosecution of Lansky for income-tax evasion. The Justice Department, which had final authority, declined to prosecute. An attempt to denaturalize Lansky and deport him broke down in the higher levels of Justice after years of investigation. Whether the rumor is true or not, Lansky for years *seemed* immune on the federal level.

On V-E Day, May 7, 1945, Lucky Luciano petitioned Governor Dewey for executive clemency. Dewey turned the petition over to the State Parole Board, a body consisting of his appointees. After some months of apparent investigation, the board recommended unanimously that on the basis of his war effort Lucky should be released. Deportation was a foregone conclusion.

With the way thus carefully prepared, Dewey approved the recommendation. His apologists called his action routine.

It had taken longer than expected, but Meyer Lansky had kept his promise.

# 8

EARLY in 1951, six years after Lucky Luciano was paroled and deported, the Kefauver Committee attempted without much success to raise the curtain on Operation Underworld. Meyer Lansky and Moses Polakoff gave their versions, as did Commander Haffenden. Their combined testimony left many questions unanswered.

Three persons who might have supplied the answers didn't testify. Murray Gurfein and his boss, Frank Hogan, made no appearance. Governor Dewey was invited to appear, but he countered by inviting the distinguished Senators to come to Albany if they wanted to talk to him.

The author asked Joseph L. Nellis, one of Kefauver's brilliant staff members, who today is in private law practice in Washington, D.C., about the controversy. His reply sheds new light on the old mystery:

"The story of Commander Haffenden and the evidence which led to Governor Dewey's pardon for Luciano has always been one of the most fascinating of all the intrigues surrounding the Mafia.

"You will recall that the Kefauver Committee invited Governor Dewey to testify publicly in New York City in March, 1951, about this specific subject. As you probably know, he declined publicly, and as a result, Estes [Kefauver], Rudy Halley, Dave Shivitz, and I went to Albany to talk with him. My recollection is very vivid: Governor Dewey said that the pardon was issued at the urgent request of Naval Intelligence. However, if you read some of the writings that succeeded these events, particularly our own interrogation in 1951 of the principals to this transaction, I am sure you will wind up as skeptical as I have been about any real assistance rendered by Luciano in Italy."

Interestingly enough, all records of Operation Underworld in the files of Naval Intelligence disappeared years ago.

In any event, despite the charges and countercharges, Lucky Luciano was released from prison in early January, 1946, and taken to Ellis Island to await a ship to Italy. While waiting, he conferred with various mobsters, such as Frank Costello and Meyer Lansky. Moses Polakoff escorted them, still giving a measure of respectability to the rather unusual situation.

When questioned by the Kefauver Committee in 1951, Lansky gave a cute answer:

"I went to see Luciano while he was in jail, and the district attorney's office" [Note, not Naval Intelligence] "asked me to go there. Now, don't you think I should have gone down to say good-bye to him?"

The conference on a government-owned island, reachable by a government-owned ferry, of the top gangsters in the country should have caused a scandal. A reporter who spotted Polakoff and Costello going to the island claimed that when he tried to follow he was evicted by the Coast Guard. Years before, Coast Guardsmen had died chasing the rum-laden boats of Costello and Lansky, but in this strange reversal of roles Lucky was a hero and his guests received special privileges.

The scheme was beautiful in its simplicity. Lucky would get to Italy and promptly demand a passport; as an Italian citizen who had violated no Italian laws that should be easy. He would then, by the roundabout route used by hundreds of so-called Wet Italians, make his way to Mexico where Frank Milano, *ex-capo* of Cleveland, owned a huge coffee plantation on the coast near Veracruz. Instead of crossing Mexico to Peter Licavoli's ranch outside Tucson, Arizona—the usual route for Italians entering the country illegally—he would go by fishing boat to Cuba. Lansky had made arrangements with the new Cuban government to receive him warmly, though unofficially. From new headquarters there, just ninety miles from Florida, he could establish himself as the new *capo di capi re* of the Mafia.

For Luciano intended to compensate for those years in prison. The old rank of first among equals which he had held since the murder of Maranzano no longer satisfied his wounded pride. Moreover, the Mafia needed strong leadership. Costello was beginning to enjoy his publicity. Vito Genovese was restless as Joe Bonanno, better known as Joe Bananas, threatened his territory. Even Joe Adonis was chafing a bit at the necessity of taking orders from Lansky. With the end of the war, an era of prosperity seemed near, and each *capo* was anxious to have his share and perhaps a little bit more.

The assumption of supreme command by Lucky would be welcomed by the National Crime Syndicate, Lansky reported. Big things were brewing in Las Vegas and in Florida—the one thing that could upset the plum pot would be a civil war in the Mafia. Only Luciano had the power and prestige to keep the jealous members of the Honored Society in line.

So plans were made, and when the conference was finished, Lansky told Lucky the boys would bring him money and some decent clothes. Was there anything else he needed?

"Yeah," said Lucky. "Broads."

"There'll be three on the ship." His friend grinned.

"I hope you didn't pick them," said Luciano, well aware of Lansky's attitude toward sex.

Lansky told him not to worry. Virginia Hill had found them. He told Lucky she wanted to come along herself but Ben wouldn't let her.

"Too bad," said Lucky. "From what I hear she's quite a dish. Is the Bug really serious about her?"

Lansky nodded.

"He'll get over it," said Lucky. "Remember that broad of mine he tried to lay when he was just a punk kid in knickers? His balls always were bigger than his brains."

"He ain't a punk kid no more," replied Lansky. "That's the trouble."

Two days later, Lucky was transferred to old liberty ship SS *Laura Keene*. It was anchored at Pier 7, off Brooklyn's Bush Terminal. In response to pressure from the nation's newspapers, a press conference aboard ship was scheduled by the Immigration Service. Since Dewey's decision to parole Lucky, all sorts of rumors about Operation Underworld were circulating. Moreover, there was quite a human-interest story in the deportation of the alleged "King of the Rackets" to his native land.

Not unexpectedly, Lucky didn't want to be interviewed, and even as a noncitizen he had his rights. No federal prisoner, important or not, can be questioned by the press if he doesn't agree to it. And Lucky was still technically a prisoner and would remain so until the ship sailed beyond the three-mile limit.

But more than Lucky's personal wishes were involved. Lansky had arranged a gala going-away party for the departing hero. Top Mafia members were urged to pay respects to Lucky in the traditional manner—with gifts of cash. In return, some of them received personal invitations to visit the Boss later in Cuba.

In addition to the gangsters, a select group of politicians wanted to assure Lucky of their continued friendship. They assumed, without being told, that Luciano would still exercise a certain influence in political circles regardless of where he went. But, naturally, they hoped to show their affection in private.

Anastasia cooperated by covering the dock area with loyal longshoremen, many of them armed with baling hooks. The Mob ruled the docks, as the men of District Attorney Hogan's office acknowledged when they asked Lucky's aid in Operation Underworld. Privacy was achieved by pushing the small army of reporters and photographers off the pier and forming a line through which they couldn't pass. The line opened to permit hampers of champagne, caviar, and lobster to go aboard, however, and to let through the special guests who carried cards identifying them as stevedores.

Appeals to immigration officials were useless, and the frustrated reporters were still standing when the *Laura Keene* slipped its mooring lines and plowed out to sea. Despite this demonstration of power and influence, most of the reporters considered that the long saga of Lucky Luciano was at an end. Over a few beers, some members of the press speculated as to who would succeed him as Public Target No. 1. A majority gave the edge to Costello. There were two votes for Adonis and one for Longie Zwillman. No one on that January day in 1946 mentioned Meyer Lansky.

Yet the Casino Era had begun, dwarfing anything that preceded it. Prohibition, with all its millions, couldn't compare with the profits that rolled in from gambling—legal and illegal. The postwar boom, the reaction to the economic hardships of the four years just ended, provided the incentive. New cars, better roads, and planes provided the means. No longer was it necessary to have a gambling joint furtively hidden in the suburbs of a large city. Now regional gambling and vice centers arose, drawing their patrons from the several surrounding states.

And Meyer Lansky, who carefully had laid the foundations over the years, emerged as the single most powerful man in crime.

In New Orleans, the Beverly Club had opened the year before. Costello and Kastel were partners, Marcello had a small piece, but Lansky was the real boss. In Hot Springs, Owney Madden enlarged his existing casinos and added supper clubs and lavish bars. Lansky was his invisible partner. In Miami, in Broward County—all along the Gold Coast from Key West to Daytona Beach—Lansky's casinos operated as joint ventures with gangsters from Cleveland, Detroit, and New York. The Colonial Inn, just outside Gulfstream Park, became the flagship of the entire operation, and Lansky personally led the expansion program in south Broward until Gulfstream was virtually surrounded by rug joints. Gulfstream was now operated by James Donn, the man who had attempted to front for Frank Erickson at Tropical Park in 1941.

But the biggest development was in Nevada, the land of legal gambling. When Bugsy Siegel went West years before, Lansky ordered him to keep an eye on Nevada. Bugsy had obeyed. Under his direction the syndicate invested in several existing clubs, bought up the racing wire service, and even invested in a brothel or two. Lansky was unsatisfied, and finally, in 1945, Siegel had his inspiration. He caught the next plane to Miami and described his dream to Meyer in terms he usually reserved for women.

"I've got a bitch of an idea," he began, "and the more I think about it, the hotter I get. I want to build a fucking resort, a hotel-casino combination. And I'm going to put it out of town, out in the county."

Lansky smiled to himself.

"It's got to be big," said Bugsy, "and fancy as hell. Nothing but the best. We'll have top name entertainment straight from Hollywood. Hell, I'll build it up till the jerks will work for nothing."

"Where'll your suckers come from?"

"From L.A. at first. Then from all over. Hell, there's nothing in Vegas now to attract a two-bit whore. This joint'll have class, I tell you. It'll be world famous."

"Sounds like a lot of dough," said Lansky.

"Sure it'll cost dough. Maybe one or two million. So what? Gambling out there's legal, and it's going to stay that way. Hell, you can't afford to put a lot of sugar into a joint like this. They might indict the sheriff tomorrow and you'd be out on your ass. But in Vegas, it's safe; it's an investment. I'll make it pay; I swear I will."

Lansky told him to go ahead. But also to keep it to himself—no sense in letting the Mafia in on it.

Siegel grinned broadly until he had a thought:

"C'mon," he said, "admit it. This ain't no new idea with you, is it? You've been planning this for years."

Lansky smiled. "It's your baby, Ben. If anybody can make it go, you should. Think big, but don't let it get away from you. It won't be your money you're spending."

Bugsy ignored the warning. "Know what I'm going to call it? The Flamingo. It'll be Ben Siegel's Fabulous Flamingo."

"Call it any damn thing you please," said Lansky. "Just get it built."

Dismissed, Siegel heard him ask for Eddie Levinson in Newport.

"What's his joint called?"

"Strangely enough," said Lansky, "it's called the Flamingo."

Under the supervision of the Cleveland Syndicate, Newport, Kentucky, developed from a bust-out river city into a major regional gambling center. The Cleveland boys, from their base at River Downs Race Track outside Cincinnati, invaded the Blue Grass State in 1940 and seized the Beverly Hills Club outside Newport. In time, the casino became as plush as anything in Las Vegas and boasted the same top Hollywood stars.

Expanding rapidly, the Cleveland outfit took over the Lookout House, across the Licking River near Covington, and gained control of several smaller casinos inside Newport. But relations with Lansky were still good, and in return for participation in joint ventures in Miami, his men were allowed to operate the Flamingo in Newport. It boasted a lavish restaurant, a large casino, and the world's most comfortable handbook.

A partner with Eddie Levinson was Irving "Nig" Devine, who also operated a layoff betting business in Newport. In a few years both Devine and Levinson would turn the Flamingo over to Levinson's brother, the infamous "Sleep-out Louie," and move to Las Vegas by way of Miami Beach. Even later, as Siegel's dream exceeded all his expectations, Devine and Levinson would become important members of the so-called Lansky Group.

Siegel returned to Las Vegas after getting the okay from Lansky and formed Nevada Projects Corporation. Since it was all legal, Lansky's name appeared as a stockholder of record. Other old friends, such as Hyman Abrams of Boston, were cut in, and by 1946 the fabulous Flamingo was under construction on the sands of what later was to become known as the Strip.

If his hands weren't full enough with this vast expansion, Lansky found himself with domestic troubles. Relations with Anna, after remaining stable for years, worsened steadily as the children grew older. Anna noted with alarm the strange affection the first son, Buddy, held for his father. As if trying to compensate for a life the crippled boy could not lead, Lansky told him stories of his adventures in Havana and Las Vegas. Always he would stop talking when she entered the room, but Anna heard enough to believe that her husband was boasting about his career as a gangster instead of trying to hide it.

No such confidence existed between the second son and his father; Lansky followed his plan and pushed Paul toward West Point with a determination that knew no compromise. Anna, noting the boy's good mind, secretly hoped he would become a rabbi, but her husband gave her tentative suggestions no consideration. Paul, while kind to his mother, held himself aloof from both parents.

Sandy was still another problem. Her father adored her, and the little girl was intelligent enough to know it. "You're spoiling her," Anna would cry, to no avail. Sandy was spoiled, and she deeply resented her mother's effort to interfere. Nevertheless, she was a pretty and charming child—when she wanted to be—and Anna was more than slightly jealous of her own daughter.

Lansky was away a lot during those years, and Anna, while suspecting the truth and fearing the worst, was told nothing about his business. Marriage became a mockery she was increasingly unable to accept. Several nervous breakdowns occurred, and in 1945 she was placed in a mental institution. The rest did her good, but her absence caused her to lose any controls she still exerted over the children. Shortly after her release, she suggested they separate.

Entirely willing, Lansky took the children and moved into his sister's home at 240 Ocean Parkway in Brooklyn. Anna continued to live in the apartment at 211 Central Park West.

On September 13, 1946, the separation was formalized by a written agreement which noted in part:

> WHEREAS, By reason of divers disputes and unhappy differences, the said parties have been and are now living separate and apart; and
>
> WHEREAS, The differences existing between the parties are irreconcilable and it is their desire to enter into articles of separation for the purpose of confirming their separation and for the maintenance and support of said children. . . .

Under the terms of the agreement, custody of the children was awarded to Anna, but that provision was only a formality. The agreement also provided:

"Should any of the children during their minority insist that he or she desires not to live with the WIFE, then and in that event the custody of that particular child or children shall revert to the HUSBAND.

Lansky also retained a number of other privileges in addition to "free and unhampered visitation." Should a child become ill, Anna was required to notify Lansky who would have the right "to select a physician who shall attend such child." He also retained the right to "select a school or schools which any or all of said children shall attend." The same held true for all summer camps attended by the children.

In return, Lansky agreed to pay the costs of doctors, schools, and camps. He also promised to pay Anna $300 a week unless one of the children decided to live with the father. For each child so deciding, $50 was to be deducted from the weekly payments. In addition, he agreed to pay $300 a month in rent as long as Anna remained unmarried, and she was permitted to keep all furniture and furnishings then in the apartment.

Anna agreed to waive "all right of dower in and to any and all real estate which the husband now owns or which he may hereafter own or acquire."

Separation, however, was not enough; Lansky wanted a divorce. He agreed to be a gentleman about it if Anna would cooperate and permit her to divorce him. Since Florida offered easy divorces, and Lansky had friends in and out of court there, Anna moved to Miami Beach on October 16, 1946, and took up official residence. Lansky moved back to Central Park West.

Formal divorce proceedings began February 3, 1947, and moved as fast as Lansky hoped. Anna, who now called herself Anne, was represented by Bernard A. Frank, later to be a Miami Beach city councilman and a man of influence in the murky waters of Beach politics. Albert M. Lehrman, a respectable attorney, represented Lansky.

Anna testified that the marriage started to go bad in 1933—the year King Solomon was shot in Boston—and steadily got worse. In addition to the disputes over the children, she cited an example of "extreme cruelty" which happened in 1945. Meyer, she said, after telephoning that he wouldn't be home for dinner, showed up nevertheless with his brother and a friend. Upon discovering there wasn't sufficient food, Lansky "became angry and insulted the plaintiff's mother, who was present, and thereupon threw a hot potato at plaintiff, hitting her in the eye."

On another occasion, Anna stated, while riding in a car with Lansky, a dispute arose. He stopped the car, she said, and pushed her out. In a dispute over a telephone call, Lansky allegedly told her the caller was none of her business and slapped her. A gold chain was ripped off her neck, cutting the flesh in the process.

All this and more was confirmed by Jake Lansky who stolidly testified that his brother was a brute. Dr. Leonard H. Jacobson, Anna's physician, described how Lansky's "misconduct" had adversely affected the health of his patient.

On February 14, 1947 (St. Valentine's Day), Circuit Judge Marshal C. Wiseheart entered a final decree dissolving the marriage. The terms of the separation agreement signed earlier were adopted and made part of the divorce decree.

Less than a week after the divorce became final, the big story broke: Lucky Luciano was in Cuba.

Much was written then and later about Lucky's sojourn in Cuba. Many of the stories were speculative, based on various official guesses, and few came near the truth. Only Meyer Lansky and several of his trusted aides knew the real truth, and, for obvious reasons, they weren't talking.

In the first place, Lucky wanted a base in Havana. He wanted to be close to his family; he wanted to be close to his investments; and he wanted to make himself *capo di capi re* of the Mafia.

Lansky had no choice but to go along—up to a point. To have refused to make the necessary arrangements would have destroyed all he had worked so hard to gain. Yet Cuba was Lansky country, despite the departure of Batista.

So Lucky found a warm welcome. He invested in a couple of gambling casinos—all small by Lansky standards—and he talked vaguely of future plans. But most of all he enjoyed himself. Those lost years in prison had taken a lot of the steam from the Boss; he felt he deserved a long vacation.

Between visits to the racetrack and dates with the beautiful Cuban women, Luciano summoned the top men of the Mafia to Cuba. Everyone from Joe Adonis to Albert Anastasia to Vito Genovese came to pay their respects to the self-proclaimed new boss of all the bosses. *Capos* in the hinterlands followed suit, and while there was some grumbling, no one was ready to defy Luciano. The presence of Lansky at his side, representing the National Crime Syndicate, was in itself enough to discourage potential rebels. Lansky controlled casino gambling—and it was proving to be a gold mine. Any *capo* hoping for a cut of the action didn't want to offend Lansky.

Lucky noticed the reaction. One day he growled, "The bastards seem more afraid of you than me."

Lansky shrugged. "Maybe they figure I'm your enforcer," he said. "After all, you've been away."

It was only after Lucky had received the pledges of allegiance from almost all ranking members of the Honored Society that Lansky acted. He sent an informer to have a quiet talk with a Federal Narcotics Bureau agent in Havana. Harry J. Anslinger, then commissioner of Narcotics, told what happened in his book, *The Murderers,* published in 1961 by Farrar, Straus & Cudahy.

"I had received a preliminary report," Anslinger wrote, "through a Spanish-speaking agent I had sent to Havana, and I read this to the Cuban ambassador. The report stated that Luciano had already become friendly with a number of high Cuban officials through the lavish use of expensive gifts. Luciano had developed a full-fledged plan which envisioned the Caribbean as his center of operations. The Isle of Pines, south of Cuba, was to become the Monte Carlo of the Western Hemisphere. Cuba was to be made the center of all international narcotic operations. We had a number of transcribed calls Lucky had made to Miami, New York, Chicago and other large American cities, and the names of the hoodlums who called him. Lucky kept himself busy in Havana."

Among the calls reported by the Narcotics Bureau were several to Lansky, who had his divorce to worry about as well as his business ventures. He couldn't be at Lucky's elbow all the time. Calls to Lansky were listed on December 24, 1946; on January 1, January 6, and January 28, 1947. Lucky called himself José Granda when placing the calls.

The "Spanish-speaking agent" referred to by Anslinger was identified elsewhere as J. Ray Olivera. He succeeded in talking directly to the Boss. According to an official report, "Luciano admitted to him that Frank Costello, Meyer Lansky, Ralph Capone, and Bugsy Siegel had visited him in Havana."

Following his conversation with the Cuban ambassador, Anslinger wrote, the ambassador immediately telephoned the president of Cuba with an urgent plea to issue an immediate deportation order for Lucky. The president consulted with Lansky—the one man he was afraid of offending. Meyer played it cool, advising the president to wait until given a suitable excuse.

Anslinger takes credit for providing that excuse. He notified the Cuban government, he said, that "as long as Luciano remains in Cuba, America will not send one more grain of morphine or any other narcotics for medicinal or any other needs."

Now the Cubans had no choice. Lansky sadly reported to Lucky he had to go.

Luciano was disappointed, naturally, but the blame belonged to Anslinger. Lansky had done his best and had proved his loyalty again and again. He was the only man Lucky fully trusted.

Once more the top members of the Mafia were summoned to Havana by urgent messages. The *capo di capi re* had orders to communicate. Singly and in small groups, he gave the word. He was returning to Italy. From there he would organize the international narcotics trade and make sure a constant supply reached the United States.

Meanwhile, to act as his regent, he was appointing Meyer Lansky. Anyone failing to obey a legitimate order from Lansky would be considered in contempt of the *capo di capi re* and would answer for such contempt with his life.

Those weren't the exact words, but that was the mandate handed down by Luciano. And no one objected. Lansky had won the respect and admiration of everyone. He had shown them how to get rich. He had guts and brains. He had loyally served the Boss by keeping his promise to get him out of prison.

Four years passed before Narcotics Bureau agent Charles Siragusa wrote a memo on December 4, 1951, from Italy. In it he said he had learned that "Lucky Luciano came to an understanding with Mafia elements in the U.S.A. that Meyer Lansky was to supervise all of Luciano's previous racket activities in the U.S.A. . . . If anyone in the U.S.A. interfered or muscled in on Lansky's activities, Lucky Luciano would take appropriate strong action from Italy."

This "understanding" was achieved, Siragusa wrote, before Lucky's return to Italy. "For the most part," he added in 1951, "the underworld has abided by his wishes."

# 9

WHEN, at the end of World War II, Lansky decided to enlarge his southern Florida holdings in lieu of returning to Cuba, he surveyed the political situation. Dade County and its principal cities, Miami and Miami Beach, were booming, but by edict both were open cities. This meant Lansky could share in joint ventures, which he did, but the absolute control he wanted would have required a gang war of tremendous proportions. Such a war not only would have wrecked the National Crime Syndicate but inevitably would have provoked a citizens' revolt which might close all casinos.

The situation just to the north in Broward County was different. Lansky had established a base there years before. The county had a much smaller population, and its cities were compact and easily controlled. Jake Lansky lived for years in Hollywood at 1146 Harrison Street. Walter Clark was still sheriff and just as easy to get along with. The citizens of Broward were either uninformed or indifferent. Gulfstream Park, under James Donn, was now one of the Big Three, along with Hialeah and Tropical parks, and thousands of suckers came up each day during its operation in the latter weeks of the winter season.

Utilizing local men as fronts, Lansky got control of the Colonial Inn, just south of Gulfstream. He cut in Mert Wertheimer of Detroit for one third in the beginning but by 1947 had forced him out. Major owners of record included such Lansky men as Jimmy Blue Eyes, George Sadlo, Frank Erickson, and, of course, Jake Lansky. Meyer officially had only 16 percent, but his group controlled the casino. Joe Adonis, the man designated as coordinator of syndicate and Mafia activities, had 15 percent.

The place was a rug joint, perhaps the plushest along the Gold Coast. Sheriff Clark supplied armed deputies to guard the illegal casino and to protect the armored cars carrying the loot to and from various banks. In return, he was permitted to operate a numbers racket from his office and control slot machines under the name of the Broward Amusement Company.

When the Colonial Inn proved to be a gold mine, various independent promoters sought to form rival establishments. Most of them were small and offered no real threat. In fact, Lansky welcomed them, knowing well that the more gambling, the more corruption, the harder it would be for the local population to organize a reform campaign.

Albert Bouche was an exception. A nightclub operator in Dade County, Bouche had big ideas. He succeeded in leasing a large building near Gulfstream for $15,000 a year, with the added understanding that should a casino be installed the rent would increase to $40,000.

A partner in the new joint, which Bouche called Club LaBoheme, was John "Big Jack" Letendre. Big Jack hailed from Woonsocket, Rhode Island, where he owned the Blackstone Hotel and had run unsuccessfully for mayor on a reform ticket after serving as police commissioner. Active in Republican politics, he had been elected to four two-year terms in the state legislature. A founder and director of Narragansett Race Track near Woonsocket, Letendre had helped found Gulfstream Park in 1938 and was managing director for the four days it operated before going bankrupt. When Donn reopened it with a seemingly limitless supply of cash, Letendre became annoyed. Which may perhaps explain why he was reckless enough to put money into a rival gambling casino.

Shortly after the new club completed its first season, a stranger walked into the office of Emett Choate, then attorney for Bouche and later to be a federal district judge in Miami. The stranger piled $250,000 in cash on Choate's desk and announced that the Club LaBoheme was under new management. Choate, who had been warned to expect some type of proposal, was startled by the money cascading on his desk from an expensive briefcase, but he refused.

"Better take it," said the well-dressed stranger. "It's the best offer your people will get."

Shortly thereafter, two hard-faced strangers walked into Letendre's office in the club and announced they were his new partners. They were friendly enough, explaining the new club was just too big to be permitted to operate independently. Letendre ordered them out. Before leaving, they gave him some advice.

"You're marked for murder," they told him.

Letendre was greatly disturbed by the incident. He had no illusions about the power of the men running the Colonial Inn, although most people assumed the real force behind it was Frank Costello—the new bogeyman of organized crime. He drove to Miami and consulted with a few of his friends in the racket. They treated him as if he were already dead. Rumors spread rapidly, and when Letendre flew home to Woonsocket to consult with Butsy Morelli, then Mafia boss of Rhode Island, he got the brushoff.

"If Lansky's involved, I can't help you," Morelli said bluntly. "Matter of fact, I shouldn't even talk to you."

Letendre returned to Florida, still hoping to find allies. He conferred with Joe Massei, a top *capo* from Detroit, and got the same answer. Little Augie Carfano was sympathetic but helpless.

"It's a syndicate operation," he said. "I can't interfere."

More frightened than ever, Letendre returned to Woonsocket. Shortly after midnight on April 23, he left the Blackstone Hotel and started to his "pretentious home," as newspaper reports described it. As his big station wagon slowed to make the turn from the street into the long driveway, a man stepped out of the darkness and onto the running board. He yanked open the door and fired two slugs from a .38-caliber revolver of the type often issued to policemen.

A neighbor said he heard the shots at 1 A.M. and looked out a window in time to see a man with a pistol in his hand step into a "dark sedan which immediately roared away."

It was an execution in the best tradition of the Bugs & Meyer Mob. And it served to illustrate to Broward County that if the bribe didn't work, the bullet did.

The story got about four inches in the New York *Times* next day, but the Miami papers gave it big play. Miami *Herald* reporters Stephen Trumbull and Henry Reno bluntly began their story:

"Broward authorities are trying to laugh it off, but it's a 100-to-1 bet that John F. 'Big Jack' Letendre met his gangland death as the direct result of the multimillion-dollar gambling racket which flourishes in that county."

The *Herald* reporters also noted that the "execution was postponed for obvious reasons until the big-time gambler and racetrack stockholder reached his home in Woonsocket, R.I. A murder in Broward County would have so aroused public indignation that a shutdown would have been demanded by the irate citizens. . . ."

Possibly the reporters gave too much credit to "irate citizens," as future events proved, but it was true that Lansky had ordered no killings in southern Florida. The custom continued until 1967 when a sort of gang war broke out over the numbers racket. Casino gambling was to be promoted as a clean industry which aided tourism. Murders, if necessary, should be committed in New York, Chicago, or some other area where they were so routine as not to attract attention.

The same policy was to be instituted in Las Vegas.

Despite the uproar, Sheriff Clark pooh-poohed the idea that Broward gamblers had anything to do with Letendre's death.

He claimed the murder was caused by Letendre "welching" on a $35,000 bet at Narragansett—a story which was widely circulated in Broward County to soothe any irate citizen. Nevertheless, when Club LaBoheme reopened for the winter season, Jake Lansky was running it and the so-called Northern Mob was in full control.

During this period Lansky continued to buy land at bargain prices in and around Gulfstream Park and along Highway A1A, the scenic drive which skirted the ocean from Miami Beach north. He was shrewd enough to foresee an ultimate boom, and indeed by the 1960's Broward County was the fastest growing area in the country in terms of population. In time, the strip along A1A, just north and south of the Broward County line, became known as Lanskyland, and a string of plush motels was built to block off the view of the ocean. Lansky controlled many of those hotels, but the owners of record were such old chums as Meyer "Mike" Wassell who had attended Public School 34 back during World War I.

Other gangsters followed suit. Jimmy Blue Eyes and Joe Adonis bought homes in or near Hollywood. Costello bought several lots and planned a home, but never got around to building it. Phil "the Stick" Kovolick, an original member of the Bugs & Meyer Mob who now served as bodyguard, chauffeur, and muscle at large, settled down in Hollywood, too. All lived quietly, spending the summers abroad and winning local respect by gifts to charity. The police departments were as friendly as the sheriff's office, and individual cops made more from the gamblers than from their official salaries.

In 1947, when District Attorney Hogan's office began an investigation of the murder of Tony Hintz, hiring boss on Pier 51, it discovered one of the suspects was sunning himself in Hollywood, Florida. A telegram was sent to the Hollywood police, asking them to pick up the suspect, Andy Sheridan. No reply was received, and another telegram was sent listing Sheridan's exact address.

The cops took the telegrams to Jimmy Blue Eyes, not wanting to bother Lansky with such trivia. "Forget it," said Vincent Alo, and the cops did just that.

Further investigation by Assistant District Attorney William J. Keating disclosed that the second suspect, Johnny "Cockeyed" Dunn, had also been in Hollywood and living in Meyer Lansky's suite. A check of telephone calls made during that period revealed that someone—either Dunn or Lansky—had been in touch with Costello, Adonis, Lucky Luciano (then in Havana), and Bugsy Siegel.

Eventually both Dunn and Sheridan were picked up, convicted, and sent to the electric chair for the murder. No one blamed the Hollywood cops, however, for the two killers' misfortune.

Despite the corruption, the fabulous profits—estimated as high as $20,000,000 for a single season—Lansky managed to keep largely invisible. Adonis and Costello were accepted by local as well as federal investigators as the real bosses. Indeed, big, slow Jake Lansky, as Broward manager, got more publicity than his shadowy brother. He was the man on the scene, giving orders to dealers and security guards, dealing directly with Sheriff Clark and Clark's brother, Robert, who served as chief deputy. Meyer had too many other projects going to give Broward County more than passing notice.

One of those projects was Las Vegas which promised to make the millions coming from Broward seem like peanuts if it could ever get off the ground.

Lansky's move into Las Vegas began in 1945 when he and ten partners purchased the El Cortez Club in the downtown area. Involved were such stalwarts as Morris Sidwirtz, better known as Moe Sedway, Augustus Bertrand "Gus" Greenbaum, Israel "Ice Pick" Alderman, and, of course, Bugsy Siegel. The club was sold in 1946 and the money invested in Nevada Projects Corporation, which was to build the Flamingo out in the desert.

Ground was broken for the Flamingo in December, 1945. Siegel, with a million in cash to start, wasted no time and spared no expense. All the resources of the National Crime Syndicate were strained to get the necessary materials at a time when the war had just ended and thousands of legitimate contractors were feverishly bidding for all available supplies to meet the needs of returning veterans. Since the syndicate operated in the black market during the war, Siegel got what he wanted as he needed it. It was expensive, though.

Labor was still scarce too, and to attract skilled carpenters, plasterers, electricians, plumbers, and the like to the desert required top wages. He paid them.

As the work progressed, Siegel became more and more obsessed that everything had to be perfect. For perhaps the first time in his life, Siegel had a dream, and he was willing to expend all his energy, all his political influence, all his credit with the syndicate, to make it a reality.

Further complicating the situation was the fact that Bugsy was in love for the first time in his life and was using the Flamingo to prove what a big man he was.

Bugsy had always been a bedroom cowboy; sex was necessary to his ego, to his conception of manhood or—as the Sicilians put it—*omerta.*

Upon coming to Hollywood, California, Bugsy's good looks, his air of mystery and growing reputation for ruthlessness, made him irresistible. Siegel had his choice of all, from the blond waiting discovery to such big stars as Wendy Barrie, who accompanied Bugsy East on several occasions and was rumored to be engaged to him.

Somewhere in his youth, Bugsy had married. Unlike Anna Lansky, his wife was more reconciled to her husband's career in crime. She bore him children and followed him to California, always hoping he would tire of "playing like a horse put out to stud" and settle down to domestic tranquillity. But in December, 1945, after Bugsy had met and fallen for Virginia Hill, she gave up. She secured a divorce in Reno and Bugsy agreed to pay her $600 a week for life and she returned to New York.

Ony Virginia Hill became a legend in her lifetime and has remained a mystery after her death. An Alabama girl, she left poverty behind and, while still in her teens, went to Chicago where bookmaker Joe Epstein became the first gangster of many to fall in love with her. In time, Epstein became something of a father figure, handling her finances and furthering her career. While his feelings for her were far from fatherly, it was difficult to be jealous of someone who offered her favors so indiscriminately.

Joe Adonis was the first major figure in the syndicate to become involved with Virginia. Proudly he introduced her to his friends and associates. Especially he wanted to show her off to Bugsy Siegel who considered himself an authority on women.

They met in New York, and something happened—a strong attraction neither had experienced before. Virginia followed Bugsy back to the West Coast, where they continued to see each other as often as possible. Between prolonged bed sessions, they sometimes fought bitterly, but the fights were all part of the love play and were quickly forgotten.

Meyer Lansky, returning from a visit with them on the West Coast, remarked to his brother with something akin to awe: "They're like children."

Bugsy's infatuation with Virginia at first amused Lansky, but soon he began to worry. The old Siegel, a woman-happy, reckless hoodlum, was one with whom Lansky knew how to deal. But this new Bugsy, with his obsession with the Flamingo, his increasing secretiveness, and his disregard of syndicate wishes, was another matter.

When the Chicago Syndicate tried to muscle in on Continental Press, NCS's national wire service to bookie joints which had been built up into a monopoly by Moses Annenberg, Siegel aided the Chicago boys. The revolt was quickly quelled, despite newspaper talk of a gang war, but more than one syndicate leader was annoyed by Bugsy's attitude.

Siegel ignored them and plowed ahead with the Flamingo. Expenses were soaring. In September, 1946, Siegel flew East to ask Lansky for more money. Still impressed with the vision of legal gambling, and aware of the problems, Lansky turned over more than $1,000,000 in cash to his excited partner. With it went a warning.

Some of the boys were getting sore. Zwillman, for one; Moe Dalitz, for another. Dalitz had the notion Bugsy wanted it all for himself in Vegas. While his crowd was looking to set up a resort in White Sulphur Springs, they had Vegas in the back of their minds.

"Shit on them," said Bugsy. "The Flamingo is my baby. You said so yourself. They'll get their cut, but I don't want them butting in on my territory. Let them go to Reno if they want to."

The face of Meyer Lansky went blank, took on a pinched and hungry look.

"I didn't hear that," he said in a cold voice. "I hope I never hear it. This is syndicate money you're spending, Ben. Don't forget it."

Suddenly aware he had gone too far, Siegel made a visible effort to control himself. "Forget it," he said. "It's just that I'm working so goddamned hard. Virginia wants us to take a vacation, go to Europe or somewhere, after the Flamingo opens."

Lansky smiled, but the hard brown eyes were watchful. When Siegel left, he picked up the phone and called Lou Rothkopf at the Hollenden Hotel in Cleveland. The hotel was operating headquarters for the far-flung Cleveland Syndicate. Rothkopf, one of the four charter members of the Cleveland group, was close to Mickey Cohen, and it was at his suggestion Cohen had been sent to Los Angeles to serve as Bugsy's lieutenant and watchdog.

Lansky wasted no time sharing his concern about Ben—the way he was talking like a damned fool and spending money like a drunken sailor.

"Yeah, I know," replied Rothkopf, who had a reputation of being kind to kids and show girls. "It's that bitch. She's driven him out of his mind."

"Get word to Mickey," ordered Lansky. "I want a close watch on Ben, night and day."

"Right," said Rothkopf. "Anything special he should look for?"

"I want a good accountant to check his figures. If all the dough he's been given isn't going into the damned joint, I want to know it quick."

"Sure thing," agreed Rothkopf. "Anything else?"

Lansky hesitated, then played a hunch: He asked that an eye to be kept on the woman too. Especially if she were planning any trips out of the country.

Another call went to Joe Adonis who was instructed to relay similar orders to Jack Dragna in Los Angeles. Dragna resented Siegel and would be happy to catch him double-crossing the National Crime Syndicate.

With the hotel still under construction, Siegel opened the casino on December 26, 1946. Admission to the adjoining nightclub was fifteen dollars a person. George Jessel served as master of ceremonies, and Xavier Cugat and his orchestra provided the music.

Siegel was then living in Suite 412 of the Last Frontier Hotel. He brought Virginia out for the opening. She moved into the suite with him, happy at last to be sharing his life on a full-time basis, and ordered a flamingo-colored gown for the great occasion.

Though Virginia was ready and eager, invitation after invitation to the Hollywood stars Bugsy had counted on to give the affair class was turned down. To top it off, bad weather grounded the planes Bugsy had chartered. The joint was half-full. Old friend George Raft was there, of course, and so was Jimmy Durante. But Jimmy—who later boasted he never went near the gambling tables—was there as the headline attraction. As it turned out, the money paid him was wasted.

Lansky received a call at 2 A.M. next day in Florida. It was early in Las Vegas, but his caller was still confident enough to report:

"It's a washout."

Lansky hung up. The wolves would really be after Bugsy now.

In the weeks that followed, the loss from the casino was added to the money being spent on the hotel. Without enough suckers, the law of averages wasn't working. Part of the problem was unavoidable; the downtown casinos did their best to sabotage the lonely giant eight miles out in the desert. Siegel cursed them as shortsighted vultures, believing that a successful Flamingo would bring visitors to the town by the thousands and inevitably benefit the smaller joints in Glitter Gulch.

With the losses approaching the half-million mark in January, 1947, Siegel admitted defeat and closed the casino until the hotel could be completed. Virginia, convinced the Flamingo was driving Bugsy out of his mind, went back to Los Angeles where she found refuge in a house in Beverly Hills at 810 North Linden Drive. It belonged to a friend, Juan Romero. Bugsy developed the habit of flying to Los Angeles on weekends to be with her and get away from the nightmare his dream had become.

Unknown to everyone in the National Crime Syndicate, Virginia and Bugsy slipped away to Mexico in September, 1946, and were married. But Bugsy had been unable to keep the secret from his old partner, and the news did nothing to ease Lansky's fears. Now Virginia had a new project: Why not take a powder? Get out of the rackets, go to Europe, and retire. Live the good life in peace. After all, both of them had had their kicks.

Siegel listened at first but said little. But as his troubles mounted at the Flamingo, the idea began to sound more and more appealing. He could see problems. Most of his cash was invested in the Flamingo. If they walked out, what would they live on? And would the syndicate let them walk out? Lansky might, but he wouldn't have the final say. The board of directors of the National Crime Syndicate would outvote him.

But Virginia persisted. And in time Siegel thought he had a solution. If only he could get the Flamingo into the black, make it a going concern, then maybe he would be allowed to walk away. If he could retain only a small piece, say 10 percent, that would be ample once the joint started rolling. Surely the boys would give him that much if he turned over the rest.

The Flamingo opened in March for the second time; while the hotel still wasn't completed, enough rooms were available to provide a steady supply of suckers in the casino. The bad luck continued through April, then slowly the long awaited upturn began. In May the casino cleared over $300,000. It was still chicken feed to Siegel, who expected to make ten times that much; he was elated, nevertheless.

And suddenly Virginia Hill flew to Chicago, picked up some cash from Joe Epstein, went on to New York, and on June 16 boarded a plane for Paris.

Meyer Lansky had reports at every leg of her flight. And on the day she departed this country, the board of directors of the National Crime Syndicate met in emergency session in the Waldorf Astoria in New York.

As the member who had called the meeting, Lansky presided. He ticked off the complaints against Siegel beginning with his conduct during the "wire-service war," his threat to make Las Vegas his exclusive territory despite the huge sums the syndicate had invested, and his neglect of other business during the building of the Flamingo.

The board members, aware of the friendship between Lansky and Siegel, listened carefully but found nothing to challenge in his presentation.

"I now have information," Lansky continued in a flat, unemotional voice, "that Ben has put together a personal bankroll of six hundred grand. He plans to join Virginia in Paris within a week. From there he hopes to work out a deal acceptable to us."

The silence was broken at last by Albert Anastasia who harbored an ancient grudge against both Lansky and Siegel.

*"Farlo fuori,"* said Anastasia. "Kill him."

Carfano, who also had his reasons, seconded the motion. Costello nodded his assent, and Longie Zwillman his. Moe Dalitz said nothing, his eyes on Lansky.

"I've got this thought," said Lansky. "We owe Ben something. He's been with us through some rough days. It's this bitch that got him out of line.

"The Flamingo is a good idea. It'll work. Before long there'll be a whole row of resorts out there. We'll get our money back many times over."

"I agree," said Dalitz.

"Okay," continued Lansky. "Let me go out and talk to Ben. If it doesn't work, I'll personally make the necessary arrangements."

The word of Lansky was enough. The meeting broke up with the death sentence—first ever handed down on a member of the board—suspended at the discretion of Lansky.

Next day, Lansky arrived at the Flamingo. Siegel introduced him to Paul Price,* the public relations man at the hotel since the day it opened.

Siegel and Lansky were soon closeted in the penthouse Bugsy had built as a love nest for Virginia on top of the Flamingo. Rumors spread that the two men were quarreling bitterly.

No one saw Lansky leave, but he was reported next day in Los Angeles. Siegel had refused to listen to reason. Instead, he counterattacked, offering the plan he had devised earlier of turning over the Flamingo to the Mob to satisfy his debts and retiring with only a small piece as a source of income for the future. Or so Lansky later reported to the syndicate.

Lansky, recognizing that it was impossible to save his friend, promised to consider the proposal. They agreed to meet in Beverly Hills on June 21 to continue the discussion.

In the early hours of June 20, Siegel flew to Los Angeles and spent a busy if frustrating day. Friends reported that he was tense and worried. The rumors had reached L.A. that he was marked for murder. That evening he drove to Virginia's home on North Linden Drive. With him was Allen Smiley, an old associate. They were sitting side by side on the sofa when the end came.

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* Ironically, twenty-three years later, Price as a columnist for the Las Vegas *Sun* was to ridicule the idea that Lansky was the biggest man in crime. "Lansky went out with bathtub gin," wrote the ex-press agent.

Outside in the darkness, a syndicate killer aimed a .30-caliber carbine at Siegel's worn but still handsome face. The first bullet caught him in the head, knocking out his right eye. The second bullet wasn't needed, but it, too, struck the head. Still other shots were fired, perhaps as an alibi for Smiley. One went through his coat sleeve.

Twenty minutes later, Morris Sidwirtz, better known as Moe Sedway, walked into the Flamingo. With him was Gus Greenbaum and Morris Rosen. To an awed and frightened staff they announced they were taking over.

When Joe Epstein got the news in Chicago, his first thought was of Virginia Hill. Was she also marked for death? He called her in Paris. Heartbroken and scared, she went into seclusion. Several days later, she departed with friends for a trip to Monte Carlo, where she tried to kill herself with an overdose of sleeping pills. Several years later, after repeated efforts, she succeeded.

An estimated $600,000 Siegel had given a friend in Vegas for safekeeping before leaving to meet with Lansky was eventually located and confiscated by the syndicate. Hymie Siegel, who represented Lansky in the garment industry, made a search for other hidden loot. He didn't find any.

The Flamingo, under the management of Greenbaum, soon turned into the gold mine Siegel had dreamed about. It passed through a succession of corporate owners, but Lansky got his cut of the vast sums skimmed from the top. As late as 1960, when Albert Parvin sold the hotel-casino to Morris Lansburgh of Miami Beach, Lansky received a finder's fee of $200,000 payable over eight years in quarterly installments of $6,250 each.

It was income he could conveniently report on his tax returns, and he did report it; but ultimately when the news leaked out, Lansky found himself in indirect association with Associate Justice of the U.S. Supreme Court William O. Douglas. The Justice, it seems, was serving as a consultant to the Parvin Foundation at the same time Lansky was receiving his finder's fee. In 1970 the coincidence was used as a basis for an attempt to impeach Justice Douglas by Republicans who hoped to replace Douglas on the Court with a strict constructionist. The bad luck of Bugsy Siegel still hovered over the Flamingo.

Meanwhile, Las Vegas boomed. The Cleveland Syndicate under the leadership of Moe Dalitz moved into the Desert Inn. Later the giant Stardust was added. "Dandy Phil" Kastel caught the fever and was permitted to build the Tropicana. The Strip became a glittering reality as more and more hotel-casinos were constructed. And each paid tribute to Meyer Lansky whose personal okay remained essential as the years went by.

To Jimmy Blue Eyes, who had replaced Adonis as coordinator with the Mafia, Lansky confided the truth about his last meeting with Bugsy Siegel.

With the Flamingo in the black, Siegel had changed his mind about joining Virginia in Europe. His confidence had returned and so had the arrogance of a man who has been proved right. Vegas was his, he insisted. He had found it, made it, and he intended to keep it for his own. Fuck the syndicate. Fuck Lansky.

"I had no choice," said Meyer Lansky.

# 10

MEYER LANSKY opened the small sack and let a pint of diamonds spill against his left hand to form a glittering pile on the desk. He tossed the bag to the floor. Although washed clean, it still had a faint odor of the animal grease in which it had been secreted during its journey across the border at Laredo.

The gems had been stolen in South Africa, cut and polished in Switzerland, and carried by courier to Mexico. Ten million dollars, retail, of uncut heroin accompanied them through the syndicate pipeline into the United States.

But Lansky was not thinking of the profits. Quexares, the syndicate man in Laredo, was efficient and would deliver the goods in the future as in the past. A second pipeline existed into southern California, set up by Mickey Cohen who, at the insistence of Lou Rothkopf of the Cleveland Syndicate, had succeeded Bugsy Siegel in the West. Cohen was loud, ignorant, and crude, but so far Rothkopf's faith in him had been justified. He was delivering the goods.

The diamonds reminded Lansky that he had some personal business coming up: Somehow, he had to find time to get married.

The romance had begun casually enough in the barbershop of the Embassy Hotel where Thelma Scheer Schwartz, a divorcée with a son by her previous marriage, worked as a manicurist. Five years younger than Lansky, and several inches taller, she impressed him with her sure hands and unfailing good humor. One day, in addition to his usual $5 tip, he gave her a sure thing in an upcoming race. The horse won as scheduled, but Lansky discovered she had not bet on the long shot. Intrigued, he asked why not.

"I can't afford to gamble," she said.

"It wasn't a gamble," he told her.

"Maybe you knew that," she said, "but I didn't."

Lansky never offered her another tip on a horse, but a few days later he invited her to dinner. She accepted, appearing neither surprised nor eager. Instead of taking her to a plush nightclub, they went instead to a small restaurant on Long Island where the food was so good there was little need to advertise.

Lansky discovered at that dinner that he could relax with Teddie, as Thelma was called. She asked no questions, but still managed to be entertaining in a quiet way. Meyer responded in kind, making no test of the lady's virtue. Meanwhile, of course, he inquired around and heard nothing to disturb him. Teddie was well respected in the better Mob circles.

Two weeks passed before she saw him again. In the interval, Lansky flew to Los Angeles to confer with Cohen who was convinced that Jack Dragna—Mafia boss of California—was trying to kill him. Mickey wanted an okay to hit first. Lansky arranged a truce, bought a ranch in the San Fernando Valley in the name of a respectable businessman, checked the action in Las Vegas, and came home a week earlier than he had planned. Next morning, he was at the Embassy for a shave and manicure.

A second dinner date followed. This time he and Teddie went to a restaurant in Queens. The conversation was not quite as casual. Lansky conducted a discreet exploration that informed him Teddie knew him only as a mystery man. In the barbershop, she admitted, there was much gossip about the regular customers. She had learned to discount much of it, but it was clear to her that Lansky was highly respected and perhaps feared.

Yet, she said, it made no difference to her. She judged people by her own standards.

That night, Lansky stood on his toes to kiss her. Two weeks later, he invited her to visit Florida.

The trip was arranged with due regard for Teddie's reputation. She stayed in a plush hotel in Miami Beach. Where Lansky spent the night she did not know, but she could not help noticing how everyone snapped to attention when he appeared.

Business kept Lansky occupied in the mornings, but the afternoons and early evenings were hers. Much of the time was spent on the beach. Teddie loved the ocean and Lansky took her sailing. A three-man crew did all the work, and she hooked a small dolphin in the Gulf Stream but let it go after reeling it in to the side of the boat.

One morning as she was contemplating breakfast beside the pool, a box was delivered containing an expensive evening dress and the necessary accessories. Taking the hint, she prepared for a night on the town. They dined at Mother Kelly's Nightclub where she met the owners, Nig Devine and blimp-bellied Joe Sonken. Then, by rented Cadillac, they drove to the Club LaBoheme in Broward County. Lansky handed her ten $50 bills. She blew $150 at the roulette wheel and handed the rest of the money back.

Later that evening, they drove up to deserted Fort Lauderdale Beach, where Teddie kicked off her shoes, removed her stockings, and hoisted her skirts to wade in the moonlight. Later, as they sat together on the sand, he proposed.

She accepted without hesitation.

On the way back to the hotel Lansky told his fiancée that he was, indeed, in the gambling business. He also reminded her that there would be no gambling if the public really wanted none. Yet, he added, people were hypocrites and sometimes tried to make a moral issue out of it.

Teddie didn't argue the point.

The wedding on December 16, 1948, was a private affair, despite the suggestions of some Mafia members who wanted to honor Lansky's new wife with a suitable celebration. They moved into a penthouse at 40 Central Park South. The honeymoon in Europe would have to wait, Lansky said, until he could make a few business arrangements.

These arrangements concerned the postwar expansion program of the National Crime Syndicate. Trouble was brewing in Florida. Sparked by a series of articles in the Miami *Herald,* which won a Pulitzer Prize for the series, a citizens' revolt was brewing. A mass meeting of ninety civic organizations heard Attorney General Tom Clark call for a crusade against organized crime. The delegates voted to form a citizens' crime commission to gather information and to prod reluctant officials to take action against wide-open gambling.

There was talk of hiring Daniel P. Sullivan, a former FBI special agent who had helped trap Ma Barker, to head the new organization. Plans were openly discussed to secure injunctions against the major gambling joints.

As yet, however, there was no sign the revolt would spill over into Broward County, and Lansky congratulated himself for locating his major casinos there. Let the wheels stop turning in the Club Collins, the Island Club, the Sunny Isle Casino, and a dozen more—it would only mean increased business for the Colonial Inn, the Club Greenacres, and the Club LaBoheme.

Actually, Lansky was a bit premature in congratulating himself. The Colonial Inn, located a hundred feet inside Broward County, was closed by an injunction at the end of the 1948 season. But the tide of civic virtue flowing up from Dade ebbed to a stop there. Rather than risk a court fight and its attendant publicity, Lansky moved the gambling equipment to the other joints, and there they kept rolling until the Kefauver blight of 1950.

In the Hollywood Beach Hotel, Lansky met with representatives of the S & G Syndicate—the local outfit that controlled handbooks in Miami Beach—with the Miami Syndicate which had the franchise west of Biscayne Bay, with Joe Massei, Nig Rosen, Sam "Gameboy" Miller of the Cleveland Syndicate, William "Lefty Clarke" Bischoff of Detroit, and a score of other major racketeers who had been attracted to the open cities of Dade County.

The prognosis was gloomy. The citizens' revolt was soundly based—not just a bunch of preachers and do-gooders but powerful men who feared their investments would be hurt by the growing reputation of the Gold Coast as racket controlled. The old argument that gambling was essential to tourism on which the area depended was brushed aside. Things were getting out of control.

Most of the gamblers assembled for the conference were veterans who had begun as bootleggers and rumrunners in a dozen cities. In a gang war, in a situation where law violations were winked at by defiant citizens, they would know what to do. But now they were puzzled. How do you bribe millionaires? How do you frighten thousands of angry citizens? As usual, they looked to Meyer Lansky for an answer.

"We go legal," he said.

It took some explaining, but with Las Vegas as a glittering example, approval was soon secured. Quietly, carefully, a drive would begin to convince the public that the area needed legal gambling—under strict control, of course. When and if the casinos closed, the drive would come out into the open. Key newspapermen would be seduced, radio commentators bought, and friendly legislators contacted. Every effort would be made to cause an economic recession locally by closing syndicate nightclubs, restaurants, service industries. Rumors would be spread that certain major hotels wouldn't open when cool weather returned. And, in every case, the lack of gambling would be blamed.

The actual proposals for legalized casinos would come from local men who would assure one and all that the Mob had pulled out and gone to Las Vegas. The new casinos would be clean, operated by friendly neighbors who had only the interests of the area at heart. Meanwhile, counties to the north, all the way to the Panhandle, would be told that legal gambling would bring them vast new tax revenues while confining the bad features to the Gold Coast. Every red-neck Cracker knew southern Florida was a hellhole anyway, run by a bunch of New York Jews. Things couldn't get any worse there, so why not benefit by taxes equally distributed among the state's sixty-seven counties?

"I think we can pull it off," said Lansky. "If not next year, then soon. It may cost us a couple of million, but it'll be worth it."

"Meanwhile," said Jack Friedlander, "you've got Broward all sewed up. How about cutting us in there if we have to close in Dade?"

"No," said Lansky. "I got things under control in Broward. If all you bastards came swarming in, the same thing would happen there that's happening in Miami."

Friedlander didn't like the reply and was about to speak again when Joe Massei—who had a small piece of the Club Greenacres west of Gulfstream Park—grabbed his arm.

"Shut up," he whispered, "if you want to keep on living. Remember what happened to Big Jack."

Massei's whisper was loud enough to be heard. He meant it to be. There was a small chuckle around the room, but Lansky didn't smile.

The drive for legalized casino gambling began late in 1949, the following year. It was making progress until Estes Kefauver arrived in town to begin his celebrated series of hearings on organized crime in interstate commerce. Miami was primarily chosen because Dan Sullivan, now head of the Greater Miami Crime Commission, had dug up a wealth of material which was quickly available. The revelations of Kefauver killed all chances for immediate passage of the enabling legislation. But Lansky didn't abandon the idea. For him it remained filed under unfinished business.

Lansky's fears as to what would happen if gambling were not kept under control in Broward were proved well founded in 1949. A new mayor was elected in Hollywood, and he permitted gambling joints to open indiscriminately. Most were handbooks, and none compared to the plush syndicate places, but they caused trouble nonetheless. A group of citizens led by a former city assessor, Lee A. Wentworth, banded together and sought injunctions against those joints in Hollywood. Fearful that the plague might spread, Jake Lansky—Broward manager for the syndicate—took action.

Wentworth later described to the Kefauver Committee the approach made to him.

One night, he said, a black Cadillac sedan came to his house. Joe Varon, a local attorney who represented Lansky interests and gave free legal services to Hollywood cops, came to the door. Wentworth was asked to step out to the car.

Jake Lansky, big and gloomy, sat behind the wheel. Varon, a distinguished man, who in 1966 would run for Congress, performed the introductions.

"This is Mr. Lansky," he said. "Mr. Jake Lansky."

Jake picked his words. "Mr. Wentworth," he said, "don't you think you're taking on a little more than you can manage?"

"I don't know," said Wentworth. "I'm going to do the best I can."

"Would you be interested in twenty-five thousand dollars?" asked Jake.

Wentworth turned and went back into the house. The car drove away.

Two or three nights later, another car drove up. It contained strangers who didn't bother to introduce themselves. One man came to the door and asked Wentworth to come to the car. There was something he wanted to show him.

The crusader complied. Two men sat in the rear of the car. One held a white shoe box.

"We have twenty-five thousand dollars here," he said. "You know how these things end—either with a silver bullet or a silver dollar."

A little worried about the silver bullet, as he later admitted, Wentworth walked back to his house and got the shotgun he kept near the door.

"I'm going to count to five," he told the three men in the car, "and then I'm going to start shooting."

The men drove hurriedly away and never returned. The bribe had failed, but under the circumstances a bullet would have increased the heat. Ironically, an anonymous letter was later circulated accusing Wentworth of accepting $10,000 from the gamblers.

In other approaches Lansky was more successful. The reform drive died in Hollywood. The big casinos were not threatened until the next year when the Kefauver Committee came to town.

Following the conference in the Hollywood Beach Hotel, Lansky stopped off in Daytona Beach to confer with dictator in exile, his old friend Batista. Disturbed by the gathering storm clouds in Florida, Lansky questioned Batista about the possibility of his return to Cuba. The pudgy ex-sergeant was optimistic but estimated it would be two years before the political situation would achieve the degree of corruption needed.

Some long-range plans were made, and greatly comforted, Lansky returned to New York. It was always good to have an ace in the hole when the stakes were millions. Lansky had no illusions—he was valuable to the National Crime Syndicate only as long as he could make money for the members. To keep or enhance his position, he had to stay one step ahead.

That summer, as the horses moved north from Florida, new trouble developed at Saratoga, New York, long a fashionable spa. Gambling was as much a tradition there as mint juleps were in Louisville on Derby Day. Lansky had owned a piece of the Piping Rock Casino with Costello as far back as 1942. More recently he had invested with Joe Adonis in the Arrowhead Inn.

In July, 1948, on the eve of the season, Mrs. Philip Weiss threatened to file a suit in Saratoga complaining about wide-open gambling. Word reached Lansky that the State Police were nervous—if the heat built up, they might have to act.

The Saratoga empire, though small by Gold Coast standards, was nothing to sneeze at. The Arrowhead Club boasted six roulette wheels, three crap tables, five blackjack tables, and two birdcages—chuck-a-luck. Piping Rock had twelve roulette wheels, three crap tables, a birdcage, and a blackjack table. Newman's Lake House had seven roulette wheels, two crap tables, and a birdcage. In addition there were several smaller joints, such as the Chicago Club, Smith's, and Outhwaite.

Upon investigation Lansky found that the trouble had begun two years earlier when Philip Weiss stole race results from a nearby horse book—which paid for the essential data—by having an electrician hook his telephone to the bookie's line. Behind a candy store which served as a front, he operated his own book.

When the local operators found out about it, instead of knocking off Weiss as professionals would have done, they began to harass him. The cops joined in. Weiss quit in disgust and converted his candy store into a restaurant, but the trouble continued. Customers were warned to stay out of the restaurant because it might be bombed. A cop came in one day, pulled a gun, and ran out sixty diners.

Weiss was willing to accept the abuse, hoping to live down his mistake and make peace with the ruling powers. He had four children to feed and no illusions about his rights as a rebel in a gamblers' town. But his wife was made of sterner stuff. She went down to police headquarters and came home angrier than ever.

Unable to get anywhere in town, she went to Albany to see Governor Tom Dewey. Despite repeated trips, she never got in to see the ex-crime buster. Then she began writing letters to her Congressman, to the justices of the State Supreme Court. No results. Local newspapers refused to help, but finally the *Police Gazette* in New York City came to her aid. It printed her story and passed the word that if anything happened to Mrs.

Weiss, the newspaper would conduct its own probe of the town and raise hell in general until she was avenged. Protected by this threat, Mrs. Weiss planned to file her suit.

The State Police under Superintendent John A. Gaffney were preparing to act when Lansky arrived in town. Gaffney as a precaution had ordered a full-scale probe of gambling conditions in 1947, but the written report had remained locked in his desk. The situation was delicate.

Lansky passed the word: "Everything closes." The State Police made a discreet if unannounced investigation and found that, yes, everything was closed. No need for a raid for there was nothing to raid. A few days later, everything opened again —and Saratoga enjoyed one of the best seasons in years.

Orders went out to leave Mr. and Mrs. Weiss alone. The suit was filed on August 18, but by then the crisis had passed. And in 1951, when the Kefauver Committee investigated conditions in Saratoga, Weiss had become a reluctant witness. He complained that he had finally succeeded "in getting a foothold" and "you are going to put me out of business."

Prior to the 1951 hearings, Saratoga closed down again. Similar action was taken in other corrupt cities ranging from Miami Beach to Newport, Kentucky. Governors such as Dewey in New York and Fuller Warren in Florida were no problem—except when heat built up on the federal level.

Lansky, by his intervention, had bought the resort city two more years of time. But the experience left him more convinced than ever that a sustained gambling operation should have legal status or else be conducted offshore in the Caribbean. What's more, some international banking resources would be helpful.

The long-delayed honeymoon offered an excuse to visit Europe. If business were combined with pleasure, Teddie wouldn't mind.

# 11

FACES expressionless, men of the Mafia watched Teddie get out of the car. She plucked at the ermine wrap on her left arm, pulling it back to uncover the diamonds on her hand. The sable cape was too warm for June, but Meyer had insisted.

Nervously she glanced at the short figure beside her, hoping for a nod of approval. But Meyer Lansky was not looking at his wife. His deeply lined face impassive, his eyes swept the dock area where Tough Tony's boys formed an effective barrier against a group of reporters and photographers. The newsmen were angry, but they had learned a lesson three years before when Lucky Luciano sailed into exile. The burly longshoremen selected for guard duty wouldn't be challenged this trip.

Well, it was all the fault of that idiot, Anslinger. When the word got out that Meyer Lansky, friend and adviser to Luciano, was about to sail on a long-delayed honeymoon, the commissioner of Narcotics tried to make something out of it. Lucky was still a magic name to ambitious empire builders in both law enforcement and politics—as Tom Dewey had found out when he paroled Lucky.

For days Anslinger's smart boys had been putting the arm on everyone from New York to Miami, asking questions, trying to prove their theories. Even last night they had come pounding on the door of 40 Central Park South demanding an interview. Politely Lansky had invited them in, patiently he had answered their questions. Yes, he was going to Italy. Yes, he would probably see Lucky there; after all, their friendship dated back twenty years or more. But if he did see Lucky, it would just be a social visit, nothing more. Damn it, Meyer Lansky was just a common gambler. What did he know of the international narcotics syndicate?

In their silly fashion, the agents had succeeded. A routine sailing had been converted into an event. Even Jimmy Blue Eyes had been unable to calm down Anastasia, Adonis, and Costello. Their crazy Sicilian pride was involved. Lucky's position demanded that his old pal and nominee be given a send-off worthy of the Boss himself. So the troops had been called out, hampers of champagne and enough flowers for a Mafia funeral lugged aboard and deposited in the Royal Suite. And, inevitably, the place was running over with reporters and federal agents. Even J. Edgar Hoover, not to be outdone, sent down a team of FBI agents.

Imperceptibly, Lansky shrugged. As part of the price of power, it couldn't be helped. The Mafia had helped him forge the National Crime Syndicate back in those bloody days when balls counted more than brains. With its help he had eliminated such rivals as King Solomon, Lepke, Bugsy Siegel, but there was still a long way to go. The time would come, however, when the barbarians from Sicily would bow to economic and political reality, and this kind of a farce would never happen. But that day was not yet—and Lucky's influence was still essential.

"Hey, Meyer," shouted a reporter. "Seen Cockeye lately? You going off and let him burn?"

The reference was to John "Cockeyed" Dunn, an associate of Ed McGrath in running the waterfront. Convicted of murdering a hiring boss of Pier 51, Dunn hid out for a while in Lansky's apartment in Hollywood, Florida. He was now in death row in Sing Sing and scheduled to die in just eight days. Little more than a punk, he had won admiration by predicting the electric chair would cure his piles.

Well, it was time to get aboard and out of this before some fifty-dollar-a-week reporter decided to be a hero, too. Teddie followed as the little man led the way to the gangplank. Trigger Mike Coppola, standing with a group of bosses, flashed a Mafia good luck signal as the couple passed. Lansky ignored it, although he knew the proper response. As a nonmember of the Honored Society, it wouldn't be kosher to reply in kind.

Waiting at the gangplank was Vincent Alo, known to the press and a few intimates only as Jimmy Blue Eyes. Jimmy had succeeded Joe Adonis as Lansky's liaison man with the Mafia. A command from Alo was generally understood and accepted as the voice of Mafia chief Lucky speaking through non-Mafia member Lansky. In such fashion was the pride of the hot-tempered Sicilians satisfied.

With Alo was his nominal superior, Vito Genovese, head of one of New York's most powerful families. In reality, Alo as spokesman for Lansky-Luciano was more powerful than Vito, but the niceties of protocol had to be observed.

The two men nodded to Teddie but made no attempt to kiss her. She knew Alo as an old friend of her husband, but Genovese was a stranger—just one of many with whom her husband was forced to do business. The four of them went aboard the *Italia* and were escorted to the promenade deck where the Royal Suite was located. Lansky and Vito disappeared immediately into the bathroom while Teddie, somewhat stunned by the overabundance of flowers, baskets of fruit, and cases of champagne, began clearing away the debris.

Genovese had a private message for Lucky he wanted delivered, and he talked in a whisper as water ran in the bathtub. The cops could have easily bugged the stateroom, Lansky knew, and, in any case, he took no unnecessary chances. Not until the ship was well out to sea would he feel free to talk—and, hopefully, by then there would be nothing to think about but Teddie. One crisis had succeeded another in the six months since they had been married. There had been no time to relax.

The message for Luciano was routine. Joe Bananas was up to his usual tricks, attempting to muscle in somewhere. A word from Lucky was needed to hold him in line. Lansky promised to take care of it. The various Mafia families were always on the verge of civil war as ambitious subordinates plotted for the *capo*'s job. And when they weren't engaged in internal squabbles, they were constantly conspiring to move in on a rival family. Left to their own devices, they would litter the streets with bodies and create so much heat no one would be able to do business. Even now there were rumors of an impending investigation by a young Senator from Tennessee named Kefauver. Probably wanted to be President. Seeing Dewey come so close proved it could be done. Well, the Dewey heat had worked out well enough; maybe Kefauver's crusade, if it developed, could be used, too. The boys who made the headlines, such as Adonis and even Costello, would be the targets. After this mess today hit the papers, they might forget Costello and go after Lansky. How stupid could anyone get?

Finally the ship was cleared of visitors and the voyage began; but the mood of depression remained. The Lanskys ate dinner in their suite. Teddie, flushed and excited, tried to cheer her husband up, but it was not until they were in bed that he responded. By then he was a little drunk. They made love, and for the first time Meyer seemed to let himself go.

The hidden microphone in the Royal Suite of the *Italia* picked up little of value from the honeymooners. Occasionally Lansky would refer to an episode in his youth or in Prohibition days, but there was absolutely no mention of present-day operations or future plans. It was soon obvious that if Lansky had any deep, dark secrets, he didn't intend to share them with his new wife.

So the federal agent in the stateroom belowdecks relaxed and enjoyed the voyage even as the Lanskys were doing. Lansky later claimed he had "the buckwheats" during most of the trip and regretted he had been unable to book passage on the *Queen Mary*.

There was a six-hour stop in Palermo, Sicily. Lansky went ashore but made no effort to contact any local Mafia leaders. The poverty of the town was depressing and provided some insight into the reasons so many members of the Honored Society had sought fame and fortune in the United States.

The Lanskys left the ship at Naples and took a motor tour through Italy. Upon arriving in Rome, he had his promised conference with Luciano. Lucky was in good spirits. After some preliminary difficulties, he had adjusted to Italy and reached an understanding with the necessary Italian officials. Now that it was put on an organized business basis, the international narcotics traffic was booming.

Lansky reported on Mafia problems at home and supplied Lucky with the inside story of Bugsy Siegel's murder. Lansky was given some names to contact in matters dealing with international finance.

From Rome, the Lanskys went to the French Riviera. Meyer wanted to study the casino system there and to meet various European bankers. Briefly he considered buying control of a casino in Nice which, like the others in the area, catered exclusively to the rich and to society. It was all very impressive, yet a crap game in the Flamingo was more profitable. Lansky would take a Texas oil baron or a textile manufacturer from Boston anytime over princes and dukes.

Nevertheless, Lansky spent a week on the Riviera and stored away some ideas for future use. Teddie thought everything was wonderful, especially the bidets in the bathrooms. Her husband promised to install one at home.

From France, the couple traveled to Switzerland. While Teddie enjoyed the views, Lansky conferred with the gnomes of Zurich. John Pullman, a Russian-born ex-bootlegger and an associate of the Kid Cann Gang of Minneapolis-St. Paul, was on hand to make introductions. In years to come, he would play an important role as part of the Lansky Group's financial affairs and ultimately make his headquarters in Switzerland.

With help from Pullman, Lansky opened his first numbered bank account in Switzerland. He was very impressed with the no-nonsense attitude of the Swiss who considered money an important commodity, regardless of its source. The bankers pointed out that not even Hitler had been able to break down the traditional wall of secrecy with which their financial transactions were protected from prying eyes.

Paris was the next stop, and while Teddie explored the romantic city, Lansky continued his business conferences. Much of the narcotics shipped to the United States were manufactured from opium shipped from Turkey to illegal factories in and around Marseilles, but control was exercised in Paris. Lansky studied the setup and later recommended some changes to Luciano in Italy—at the cost of untold human lives.

The Lanskys caught a ship home from Antwerp. Teddie wanted to see London, but her husband said it would have to wait, there would be future opportunities for travel. There was urgent business at home. Besides, Sandy would be getting out of summer camp.

The expansion of organized crime after World War II had been huge and hurried as gangsters led by Lansky attempted to cash in quickly. Reaction was inevitable, Lansky knew, but he assumed with some reason that local revolts would run their course; the press could spark an uprising, yet the nation's newspapers would turn to other things; a sustained offensive by reform groups was virtually impossible. So Lansky reasoned, and he may have been right. What he didn't count on was the appearance of the Senate Committee to Investigate Organized Crime in Interstate Commerce.

Congressional investigating committees come and go. Most, if not all, are inspired by a politician hoping to capitalize on public interest in a subject. The value of such a committee depends largely on the man who heads it and upon the staff he selects to do the work. Tom Dewey had proved an anticrime crusader could make himself into a political power. Yet crime and politics had become so interrelated, so necessary to each other, that few politicians dared attempt to get results. Estes Kefauver was an exception.

Without question, Kefauver had political objectives of a personal nature, but his 1950–51 probe was the most searching study of crime and politics ever conducted. Today it remains the standard against which all investigations are measured, and none have even approached it in depth or scope. Some probes, such as those conducted by Senator John McClellan into the Teamsters Union, achieved limited results. Others, such as the invasion of privacy hearings conducted by Senator Edward Long of Missouri, were an outright fraud on the American people. And still others, such as the one conducted by the House Select Committee on Crime under the leadership of the bumbling Representative Claude Pepper in 1969, were a farce.

The so-called Valachi hearings of 1963 fell somewhat in between. While they alerted many citizens to the fact that organized crime was not a myth, they diverted public attention to a small segment of crime and away from the true complexities of the problem. The Mafia got all the blame while the existence of the National Crime Syndicate was ignored.

Kefauver, fortunately, had no limited objective. His hearings began in the back country and built slowly to a climax in New York. As usual, the New York newspapers ignored the investigation for all practical purposes until the committee reached Big Town, and the lessons learned in such places as Miami, Cleveland, Cincinnati, and Los Angeles were largely wasted. According to New York writers, Frank Costello was "prime minister" of the underworld, the "Mr. Big" to whom all trails ultimately led. The Intelligence Division was even then following this theory and wasting years trying to connect Costello to Lansky projects from Miami to Las Vegas. Eventually, when the special agents decided to treat Costello as just another gangster, they made a case against him.

Kefauver began his hearings on May 26, 1950, in Miami, taking full advantage of digging done by the Greater Miami Crime Commission under Dan Sullivan. Little time was lost in getting down to business. The first regular witness called was Ben Eisen who, with his brother Seymour, was accountant for the syndicate's gambling clubs in Broward County. The two also worked for Gulfstream Park and the Hollywood Kennel Club.

The names Meyer and Jake Lansky came up immediately and recurred with boring regularity at intervals through 730 pages of testimony. The picture of nationally known gangsters working in perfect accord with public officials from constable to the governor shocked the citizens of Florida, despite the fact that it had been perfectly obvious all along. But it was one thing to read of allegations in newspapers, and something else for a committee of the U.S. Senate to force officials and gangsters alike to admit the truth under oath.

It was October 11, 1950, before Lansky was called to testify in New York City. He appeared without an attorney and promptly refused to answer questions. He also declined on advice of counsel to produce his records, claiming his taxes were under investigation. Warming up a little, he finally acknowledged knowing many gangsters. The list included Costello, Adonis, Frank Erickson, Charles and Rocco Fischetti, Vincent Alo, Tony Accardo, Jack Dragna, John Rosselli, Phil Kastel, John (King) Angersola, Trigger Mike Coppola, Longie Zwillman, Joseph "Doc" Stacher, Gerald Catena, Willie and Salvatore Morretti, and Abe Allenberg.

Asked about Luciano, he admitted knowing him but refused to discuss his trip to Italy.

Kefauver finally cut short the questioning and ordered Lansky to return next day with an attorney. He obeyed, bringing with him Moses Polakoff, the man who had arranged Operation Underworld with Murray Gurfein.

The hearing got off to a rocky start as Senator Charles W. Tobey of New Hampshire, the gadfly of the committee, asked Polakoff about Luciano:

"How did you become counsel for such a dirty rat as that? Aren't there some ethics in the legal profession?"

An angry Polakoff replied: "Minorities and undesirables and persons with bad reputations are more entitled to the protection of the law than are the so-called honorable people. I don't have to apologize to you."

Tobey struck back. "I look upon you in amazement."

"I look upon you in amazement," said Polakoff, "a Senator of the United States making such a statement."

Kefauver finally had to intervene. "Anyway," he said, "Mr. Lansky is the witness. Mr. Polakoff is appearing as counsel."

It developed that on Polakoff's advice Lansky had not brought in his records and was still unwilling to testify about his business relations. He did, however, give some details of his trip to Europe but refused to admit he saw Luciano there.

Kefauver told him he would remain under subpoena. Meanwhile, he said, he would recommend that contempt proceedings be instituted against Lansky.

It was February 14, 1951, before the committee got back to Lansky. In the interval, he produced some of his records and agreed to talk about them, thus averting a contempt citation similar to the one that sent Costello to prison.

Polakoff again represented him and things moved much more smoothly. Lansky's interests in the jukebox industry and in Consolidated Television were explored, and abruptly counsel Rudolph Halley brought up Luciano. Polakoff, as if by prearrangement, interrupted and was permitted to tell his version of how Operation Underworld began. He concluded:

"Now this thing was supposed to be all off the record. But in view of all the conjecture and guesses and surmises that had been made about it, I have now for the first time told anybody the facts in the case. And Mr. Lansky was the person I picked."

The hearing was sensational, but since it was held in executive session, little of it leaked out to the press. In addition, the hearing transcript was marked "confidential." Later, of course, it was all made public, but for the time being Lansky escaped with a minimum of publicity in return for talking frankly about Operation Underworld. It was a bargain at the price. Dewey was about dead politically, and the fallout from the New York hearings undoubtedly was a factor in the Republican decision in 1952 to go with General Dwight D. Eisenhower instead of giving Dewey a third shot at the highest office in the land.

The effect of the Kefauver blight, however, began almost immediately after those first hearings in Miami. Glittering casinos along the Gold Coast closed. Even the powerful S & G Syndicate in Miami Beach folded after the Kefauver committee demonstrated that the Chicago Syndicate had penetrated the local operation in the "case of the Russell Muscle." The episode gave insight into how Florida governors were elected by huge campaign contributions supplied by special interest groups—including gamblers.

An investigation into Saratoga gambling was belatedly ordered by Governor Dewey. Grand juries in several states, alarmed by revelations of corruption, threatened indictments. Even the Cleveland Syndicate's empire in Newport-Covington, Kentucky, was shaken by a citizens' revolt. The growing empire in Las Vegas tottered as Nevada authorities established gaming controls.

There was only one bright spot. In 1950 Fulgencio Batista began his comeback attempt in Cuba. Dr. Carlos Prío Socarrás, who became president in 1948, was able to build a new home costing more than $2,000,000—a remarkable feat considering his salary was only $25,000 a year—though he was unable to control other grafters in his government. There was also a steady deterioration of public services. Foreign investors were becoming frightened and tourism slumped as the force of law and order succumbed to the general apathy.

Sensing the time was right, Batista gave the word to his followers and allowed his name to be entered in a race for senator. He remained in Florida during the campaign but won an easy victory at the polls.

President Prío had been warned by his predecessor in office, Dr. Ramón Grau San Martín, not to allow Batista back into the country, and his impulse was to do just that. Lansky, however, who still received much respect in the ruling circles for his part in getting Batista to quit in 1944, found time to fly to Havana and have a quiet chat with the president. He gave his word that Batista would make no move to interrupt the president's tenure of office and, indeed, would stand behind him if necessary to make sure he served out his term.

As insurance, Lansky promised that $250,000 would be placed in a Swiss bank in President Prío's numbered account.

Shortly thereafter, Batista returned to Havana in honor and took his place in the Senate. The president even provided Batista an armed guard to make certain no dissident took exception to his liberal policy.

Batista assured his American friend that he would be back in office by June 1, 1952, the date of the next presidential election. Only Lansky's promise to the president prevented him from making his move earlier.

Meyer Lansky did not, of course, sit idly by while waiting for Batista to move or the Keafauver heat to cool. He was involved in many projects all over the country. The Plantation Key Yacht Harbor was only one of them; because of complications that led to a legal fight it provides some unusual insight into his methods.

Plantation Key is one of the middle islands in that chain stretching from the tip of Florida southwest to Key West. The Overseas Highway connects them with each other and with the mainland. Only ninety miles from the coast of Cuba, the Keys have long been the haunt of smugglers, fishermen, and tourists who wanted to get far away from everything. For many years the area had only token law enforcement, isolated as it is from Monroe County of which it is legally part. Yet it is within easy driving distance of Miami Beach.

Lansky became interested in buying a resort in the Keys when he discovered that many top gangsters around the country needed a remote yet convenient place to hide out from subpoena servers during the Kefauver probe. Many had fled to Caribbean islands or to Europe which, while safe enough, was inconvenient for keeping in touch with business ventures back home. Plantation Yacht Harbor, he decided, would be close enough and at the same time offer fishing, swimming, and call girls from Miami Beach if desired.

The official story as sworn to by various participants didn't come out for several years. Even if accepted at face value, the sometimes conflicting accounts present an intriguing picture.

Joseph A. Varon, who began as an attorney in Illinois and moved to Hollywood, Florida, around 1941, was attending to business one day in May, 1951, when he received a call from Washington, D.C. The caller was a stranger, one Larry Knohl.

Born in Brooklyn in 1906, Knohl had an interesting history. After quitting school in the sixth grade, he worked at a variety of jobs—in a laundry, as a pushcart peddler, as a bowling alley operator. He became acquainted with many young men on the way up, including Meyer Lansky, Albert Anastasia, and Frank Costello. In time, he acted as a front for such men in various legitimate companies. The one prison term he served in 1938 for embezzlement in bankruptcy proved no handicap.

According to Varon, Knohl said that he was about to purchase Plantation Yacht Harbor and would send a deposit to Varon's bank. Sure enough, $25,000 arrived in the bank. Varon, as instructed, contacted a Miami law firm and gave his own check for $25,000 as "earnest money." Varon represented himself "as agent for the purchaser to be thereafter designated."

Next step was for the attorney to organize Plantation Key Properties, Inc., under the laws of Florida. Since a liquor license would be needed, Varon "made up my own board of nominees, and I represented myself to be the entire owner of all the stock because I was trustee, more or less . . . No stock was issued."

The nominees included a former secretary, her husband, and another attorney. "They had no financial interest," Varon explained, "and neither of them knew any of the parties involved."

When the deal was ready, Varon continued, Knohl came to Hollywood. "I asked him how come he contacted me to close the deal for him in view of the fact that I was an utter stranger. He told me that Meyer Lansky suggested that he contact me because I was a lawyer that he knew. I had done some work for him."

Varon, it will be remembered, accompanied Jake Lansky to the home of a Hollywood crusader during the reform crisis in Broward County shortly after Lansky's second marriage.

The two men went to the attorney's office in Miami and signed the papers. Knohl then handed over an additional $41,234.64—in cash. The seller assumed a first mortgage of $85,000. With the $25,000 deposit paid earlier, it brought the total price to $150,000, plus a few incidental expenses.

At the same time Knohl revealed that Lansky had an interest in the deal. "What his interest was I didn't ask," said Varon, "and he didn't tell me."

Shortly after the deal was completed, Knohl got into trouble with a Congressional committee investigating the so-called Truman Scandals. Allegedly Knohl purchased an airplane and gave T. Lamar Caudle, a Truman aide, a $5,000 commission. The probe ultimately resulted in Knohl being indicted on October 17, 1952, on charges of making false statements and conspiracy. He beat the rap when brought to trial more than a year later.

Meanwhile, he was hot. So, one day, Mike Spinella of New Jersey walked into Varon's Hollywood office and announced he was the new partner in Plantation in place of Knohl. Once again Varon displayed a certain restraint. Spinella didn't tell him how he acquired Knohl's interests, "nor did I ask him."

Problems continued to develop for Varon. As he put it:

"Then the next thing I knew was that Mr. Spinella was incarcerated, and then he was whisked away (deported) to Italy. And unfortunately Mr. Lansky was indicted by a New York grand jury, and I had the sole responsibility of running this place of business."

Additional insight comes from the files of the Federal Narcotics Bureau:

"In 1953, racketeer Vincent Mangano of Brooklyn was in hiding to avoid underworld vengeance. In a memorandum dated April 16, 1953, Narcotic agent Joseph Amato reported that a reliable source stated that Mangano was at that time a guest in the Florida Keys at the Plantation Yacht Harbor."

Agent Amato investigated and discovered the resort was jointly owned by Lansky and Spinella. Information was obtained from Spinella in Paramus, New Jersey, that he became acquainted with Lansky several years earlier in Cuba.

It developed that Spinella had been sent by Joe Adonis to buy a nightclub in Havana. Lansky learned of the deal and sent one of his men to investigate. When he discovered Spinella represented Adonis, "the matter was settled amicably."

The agent concluded that Spinella represented Adonis in the Plantation Yacht Harbor as well.

How many other gangsters besides Mangano hid out at the isolated resort may never be known. One thing is certain. In 1952, 38 additional cabins were added to the original 15. Yet, according to Varon, the place never did make any money.

In 1953, Lansky talked to Varon about the resort. Varon complained he had been spending too much time and money running it. Lansky was sympathetic and, according to Varon, said:

"I will make it up to you."

"How?"

"When we sell it, you'll have a big piece."

"What do you mean by a big piece?"

"With all the work you've done, you're entitled to half."

"Fine. Very good."

"It's up to you. You take the money out in fees or in ownership or in both. I don't care."

So Attorney Varon took a 50 percent interest and became a partner of Meyer Lansky and Mike Spinella. Nevertheless, he became very indignant in 1966 when he ran for Congress and his opponent, J. Herbert Burke, brought up the subject. Varon tried to deny the association, but too much was on record. Despite spending a fortune, Lansky's attorney lost his bid for Congress.

Knohl continued to operate after dropping out of the Plantation Key deal. He took Ben Novack, owner of record of the Fontainebleau Hotel, for more than $200,000. Under the supervision of Max Eder, a convicted narcotics peddler, high-stake card games were played in the hotel. Knohl would begin with a small roll and promptly lose it. Thereupon he would cash a huge check in the hotel in order to stay in the game. His bad luck would cease and the game would end with Knohl about even. But, of course, he had the cash from the check. This continued until some $200,000 in checks had been cashed. And then the hotel turned them in to the bank and the checks bounced.

An attorney for Novack explained to federal officials in 1962 that Knohl wasn't prosecuted because the publicity would "ruin Novack's credit." Others whispered that Novack didn't dare prosecute; Knohl was too close to Meyer Lansky.

(Ultimately, the freewheeling Knohl got into serious trouble and on September 14, 1966, was sentenced to five years in prison for illegal possession of $300,000 in Treasury notes stolen from a Wall Street brokerage firm.)

The fallout from the Kefauver probe continued to plague Lansky. He was indicted along with Jake by a Broward grand jury for gambling activities in the Club LaBoheme. The charges against Meyer were dropped since everything had been in Jake's name. Jake pleaded guilty, paid a $1,000 fine, and some years later persuaded a friendly Florida governor to give him a pardon.

The Dewey investigation, ordered after Kefauver exposed conditions in Saratoga, brought Meyer's arrest as a common gambler on September 10, 1952. It was his first arrest since being rousted 20 years before in Chicago. An indictment was returned in May. Lansky pleaded guilty and was sentenced to serve 90 days in prison.

It was the first time he had been sentenced to prison. He decided it would be the last time. Just prior to the return of the indictment, he closed his apartment in New York and spread the word he was leaving for Florida—for good. As he explained it to Jimmy Blue Eyes:

"Once I'm out of town, they'll forget me. Look at Coppola; he moved to Miami Beach after the Scottoriggio affair and hasn't had his name in the paper since. Kefauver didn't even call him."

"You're a lot bigger than Trigger Mike," said Alo.

"Yeah, but these bums don't see anything outside of New York. Besides, the old rackets are worn out. Let the Mafia have them. I'm going to do something so big nobody'll believe it even if they could figure it out."

Upon being released from prison on July 21, 1953, Lansky joined Teddie in Florida. For her he had a somewhat different story.

"I've retired," he said. "From now on, we live off my investments. I owe it to Paul and to Sandy."

Paul Lansky was then in his third year at West Point.

She was thrilled and asked if they could afford a house; she was so tired of apartments.

Lansky was agreeable enough—"but not until I get the IRS off my back."

The IRS probe had begun in 1950, a spin-off from the Costello investigation. It had proceeded slowly, methodically, and without too much hope of success. Lansky had been careful. An interview on February 19, 1952, with Lansky—and his counsel, Moses Polakoff—was unproductive. Lansky refused to answer any questions, but special agent Joseph D. Delfine pursued the case with unrelenting vigor. It was October 19, 1953, before he submitted his final report.

Delfine noted in that final report:

"The intent of the taxpayer to evade his true tax liability is apparent from the fact that he used currency in most of his large investments in gambling ventures throughout the country. With the exception of a very few investments, most of the taxpayer's funds could not be traced as to source. The best illustration of this is his investment in the Beverly Country Club (New Orleans), where a total of $300,000 was invested in 1945, the bulk of which could not be traced since it was mostly in currency. In March, 1946, however, he emerged as a 20 percent partner, representing $60,000 of the total $300,000.

"The investigation, furthermore, failed to reveal the source of his investments in Colonial Inn, Colonial Inn Realty (Broward County), and the El Cortez Hotel (Las Vegas), or a logical explanation of how he emerged with an investment of $62,500 in the Nevada Projects Corporation when the only known funds traced to him was a check in the amount of $8,253.90 from the El Cortez Hotel. In this connection it should be noted that the taxpayer reported income on his returns for the years 1944 through 1947 as 'sporting commissions' or as just plain 'commissions,' the source of which is not known, to the extent of $40,147, $9,619, $2,100, and $2,400, in order of the years mentioned. . . ."

The special agent concluded his report in this manner:

"The investigation revealed that Meyer Lansky willfully and deliberately attempted to defeat and evade a large portion of his income-tax liability for the years 1944, 1945, and 1947 by willfully omitting income mainly derived from gambling activities, thereby causing a substantial understatement of his gross and net income and taxes due for those years.

"It is therefore recommended that fraud penalities be asserted on the additional taxes due for the years 1944, 1945, and 1947.

"It is further recommended that criminal proceedings be instituted against Meyer Lansky in the Southern Judicial District of New York, for the willful attempt to defeat and evade a large portion of his income taxes for the years 1945 and 1947, under Section 145 (b) of the Internal Revenue Code."

Similar recommendations had been the instrument of convicting such gangsters as Al Capone, Waxey Gordon, John Torrio, Moe Annenberg, and dozens of others. Frank Costello was under indictment at the time for tax evasion and would be convicted the following year. Intelligence Division agents were confident that Lansky would join him in prison.

But, unaccountably, the Justice Department declined to prosecute.

Twice in the next few years efforts were made to reopen the case. They failed. On May 31, 1955, the IRS admitted defeat. A memo written by IRS Regional Counsel Arthur B. White noted:

"It appearing, therefore, that there are no further possibilities of making out a criminal case against Meyer Lansky, the case is accordingly marked 'closed' in this office as of this date."

Lansky had also scored another victory against the federal government, even though it was not yet apparent. Denaturalization proceedings were started against him in December, 1952, on the grounds he had lied about his arrest record when applying for citizenship in 1928. A long, complicated probe resulted, but for unaccountable reasons the Justice Department again dragged its feet.

In May, 1958, the proceedings were dismissed "for lack of prosecution."

Slowly, but surely, the storm clouds were blowing away. And in Havana, Batista was waiting.

# 12

BASIC to Meyer Lansky's future program was the realization that organized crime is only an extension of the free enterprise system. Gangsters were just a bit freer with their enterprise than those who operated within the law.

Yet the lines between legal and illegal activity became blurred at times, especially in areas involving high finance. Logically enough, many operating in the gray area between legal and illegal zones abhorred government interference. Any attempt to regulate their moneymaking activities was considered interference. Such individuals believed that the great danger to free enterprise came from the left wing, the intellectuals, the liberals, the so-called eggheads, and, ultimately, the international Communist conspiracy.

It was therefore almost inevitable that an unofficial alliance should develop between the right wing of American politics and organized crime. Both had the same objectives—the elimination of all obstacles to profit making.

In most of the regional gambling centers developed by Lansky around the nation—Newport, Kentucky; Phenix City, Alabama; Hot Springs, Arkansas; Biloxi, Mississippi; and Gretna, Louisiana—strong hostility existed toward any effort to improve the status quo. The 1954 Supreme Court decision outlawing school segregation deepened the spirit of cooperation.

Local and state politicians opposed to federal interference were equally supported by gangsters interested in maintaining their gambling joints and by White Citizen Councils seeking to "keep the nigger in his place."

"Local self-government" and "Freedom of choice" became the slogans. The John Birch Society could sponsor billboards shouting IMPEACH EARL WARREN and at the same time issue bumper stickers urging citizens to SUPPORT YOUR LOCAL POLICE regardless of how corrupt local police were in gambling towns. In both cases the hostility was directed at federal interference. Citizens didn't want integration enforced by federal marshals and National Guardsmen any more than gangsters wanted their gambling joints closed by special agents of the Internal Revenue Service.

Governor A. B. "Happy" Chandler of Kentucky was in tune with the times when he defended the "right" of the people of Newport to "have it dirty" if they desired. Reformers were openly accused of being Communist agents in Newport, as they were in every community where they sought to change the status quo and break the grip of the Mob. Chandler's edict meant that the state wouldn't interfere with the casinos, the brothels, the handbooks operating openly though illegally. When the Kefauver committee in 1950 exposed conditions in Newport, the citizens weren't impressed. They continued to elect corrupt officials. This action meant, according to Chandler, that the people had made a deliberate choice and he had no right to interfere with their decision regardless of how many state laws were violated.

It was no coincidence that almost no blacks lived in Newport. The riffraff of that river city—bust-out gamblers, pimps, and prostitutes—needed someone to whom they could feel morally superior and the black was the obvious choice. A few lived in the Bottoms, a low-lying area which was flooded every spring, but the vast majority had moved to the ghettos of Cincinnati. In Newport a black was not even a second-class citizen—unless, perhaps, he worked for Frank "Screw" Andrews who operated a large numbers racket in Greater Cincinnati from headquarters near the Newport police station. Andrews, whose real name was Andriola, took orders from Trigger Mike Coppola, boss of the racket in East Harlem. To achieve power and maintain it, he killed several Negroes and successfully pleaded self-defense.

Contempt for blacks and fear of federal interference was equally strong in Phenix City, Alabama; in Biloxi, Mississippi; in Gretna, Louisiana; in Beaumont, Texas; in Miami Beach, Florida; in Cicero, Illinois; in Youngstown, Ohio; and in Las Vegas, Nevada. Organized crime took millions from the nation's slums by way of the numbers racket, and it fought every move that would rehabilitate those slums and give the Negro cause for hope. Allied with the gangsters were, of course, the white landowners and, in many cases, corrupt local police.

Nor is it surprising that right-wing politicians on state and federal levels have never been eager to clean up those ghettos and have opposed the cause of civil rights.

Yet it was the "Communist menace" that worried people in 1953 when Lansky was released from prison. The McCarthy Era was in full flower, and fear and suspicion were rife in the land. Reformers who wanted to clean up vice conditions were considered to be agents of the Reds, just as were those who wanted to help the black and the Mexican-American. The Eisenhower administration, which had taken office the same year, was doing nothing to curb McCarthy, taking the position that he was a problem for the Democrats. Indeed, Vice President Richard M. Nixon owed his position to the anti-Red campaigns he had conducted.

Crime and politics go hand in hand on every level of government. Lansky and his allies got their start in New York in days when Tammany Hall was openly in league with the underworld, and gangsters such as Luciano accompanied Tammany politicians to the convention that nominated Franklin D. Roosevelt. Tom Pendergast bossed a criminal empire in Kansas City only because his friends were in high office. Nucky

Johnson, boss of Atlantic City, was one of three political powers in New Jersey. Costello and Lansky operated freely in New Orleans only because of their alliance with the Kingfish. And so it goes—from the days when the Ohio Gang put Warren Harding into the White House to 1970 when Attorney General John Mitchell frustrated a federal grand jury in Baltimore by refusing to permit a U.S. attorney to sign an indictment against key politicians.

Only the naïve would assume, however, that the relationship of gangster to politician is necessarily obvious and open. Several layers of insulation must exist between the hood and the officeholder. In many cases, moreover, the official has no direct knowledge of the relationship, being astute enough to realize that it is best to be ignorant. Were the connection direct, there would be no need for bagmen, for influence peddlers, for high-priced attorneys who charge huge legal fees and never appear in a courtroom.

Old-line politicians came up the hard way, from precinct level to district and then state levels, and after proving their ability to cooperate, moved on to federal office. Such men arrive at the top with heavy obligations incurred at every step along the way. Thanks largely to television, it has become possible for a man to zoom almost overnight from obscurity to national fame and thus bypass the long climb. Yet an image isn't cheaply created, and the same need for sponsors, backers, or financial angels exists. And organized crime remains willing to supply the cash. The harsh realities of politics never change.

Organized crime is always alert to the young man on his way up. If he is a sincere idealist—one who might cause trouble—efforts are made to defeat him. If, on the other hand, he shows a capacity for flexibility and a respect for established order, he may be helped. As often as not, he remains unaware of his silent supporters. What he does on their behalf comes naturally to him.

Lansky first heard of young Richard Nixon in 1940. At Duke University where he studied law, Nixon was something of an introvert. He read love stories instead of dating girls and dreamed of becoming an FBI agent. When J. Edgar Hoover turned down his application, he opened a law practice in Whittier, California, a suburb of Los Angeles, and was named police prosecutor. Bugsy Siegel had his headquarters in Los Angeles and had a keen interest in all things relating to crime, police, and courts. In 1940 Nixon married, but his restlessness grew. According to his biographer, Earl Mazo, "during a brief trip to Cuba he spent a bit of his vacation time exploring the possibilities of establishing law or business connections in Havana."

The circumstances can be dismissed as a coincidence. The fact that Lansky's partner bossed crime in California and that in Cuba Lansky himself sat at the right hand of Batista may mean nothing. Yet Whittier is a long way from Havana for a young lawyer in search of new connections.

In any case, with the war approaching, there was little opportunity for either Nixon or Lansky in Havana. But people had their eyes on the young lawyer. Before the war ended, he was tapped to run for Congress. Murray M. Chotiner, later to be involved in a messy scandal concerning influence peddling and a man who represented top gangsters, was one of those who helped select Nixon.

Later, Mickey Cohen, the man who succeeded Siegel in the West, was to boast that he and assorted mobsters gave money and other aid to Nixon in the early stages of his political career. Also politically important was Arthur Samish, a lobbyist who called himself Governor of the Legislature. He was on the payroll of Lewis S. Rosenstiel, the head of a giant liquor company and a friend of both Lansky and J. Edgar Hoover. Samish eventually went to federal prison for tax evasion.

Whether or not Lansky believed Cohen's boast of helping Nixon is immaterial. Years later, when columnist Drew Pearson published Cohen's comments, Nixon's press aides denied them. No libel suit was threatened, however.

Lansky could also dismiss other background facts on Nixon, such as his work as a barker for the wheel of chance at the "Slippery Gulch Rodeo" in Prescott, Arizona. As Mazo put it: "Nixon barked for the legal front of the concession, where the prizes were hams and sides of bacon, which was a 'come on' for a backroom featuring poker and dice." But Nixon was only fourteen at the time, and the pay of a dollar an hour was a windfall in those Depression days.

Similarly, the fact that Nixon made considerable money playing poker—despite his Quaker background—during the war could be dismissed. The games took place on isolated Green Island in the South Pacific, and Nixon's winnings were large enough to make possible the down payment on a house upon his return to civilian life. But many men played poker during the war, and some were as successful as Nixon.

More to the point in 1953, insofar as Lansky was concerned, was a junket Nixon made to Havana the year before with Dana C. Smith, who was gambling heavily. A key figure in the episode was Senator George Smathers of Florida. Known to his colleagues and the press as Gorgeous George, Smathers was something of a swinger. Nominally a Democrat, he was popular with high leaders of both parties and considered something of an expert on how to have a good time in Florida and the Caribbean.

Nixon became chummy with Smathers even before being elected to the Senate. Indeed, the Republican gave the Democrat good advice on how to win office. In the May, 1950, primary Smathers defeated the liberal incumbent, Claude Pepper, by labeling him Red Pepper. This, at a time when the cold war occupied all thoughts, was very effective. Nixon had suggested the technique. It had worked in California when Nixon ran against liberal Helen Gahagan Douglas. Nixon's aide, Chotiner, labeled her the Pink Lady and circulated the so-called pink sheets, smears printed on pink paper.

Upon winning election, Nixon went to Florida for a vacation. To make sure he had a good time, Smathers turned him over to Charles G. "Bebe" Rebozo, a somewhat mysterious figure who had made his fortune recapping tires during the war and invested it in real estate. Nixon had served as an attorney in the tire-rationing section of the Office of Price Administration before joining the Navy. Along with Smathers, they eventually entered into several profitable business deals. In time, Rebozo became Nixon's closest confidant, and vacation trips to Miami and the Caribbean became frequent.

On the Miami trip in April, 1952, Nixon was accompanied by Dana C. Smith. An old friend from California, Smith was shortly to become famous as administrator of the Nixon Fund that created a sensation when news of it leaked out in the 1952 campaign. Also in the party was Richard G. Danner, a former FBI agent and city manager of Miami. Danner had been caught in a struggle of rival gangsters for control of the Miami Police Department several years before, which was climaxed when a police captain sent two men to Newport, Kentucky, to be arrested in a brothel. The men identified themselves as Danner and the mayor of Miami and were released by friendly Newport cops. Ultimately, the faction supporting Danner forced the Newport officers to go to Florida and in a dramatic midnight confrontation in a gravel pit to admit that Danner was not the man arrested in Newport. Later, the leader of one police faction was killed in a fight with his son, and, still later, the leader of the other faction was indicted on narcotics charges. Danner, meanwhile, had quit public service and opened an automobile agency in Vero Beach.

At some point in the Miami vacation, Nixon and Smith decided to hop over to Havana. Batista had just regained power, but things were still disorganized. Norman Rothman, an important syndicate figure, was operating the Sans Souci Casino. Smith blew all his cash and proceeded to play on credit. Upon finally deciding it wasn't his lucky night, he wrote a check for $4,200. It was made payable to himself. He endorsed it and gave it to Rothman. Upon his return to the States, Smith stopped payment.

When Rothman threatened to sue, Smith turned to Senator Nixon. The State Department later confirmed in a statement that Nixon wrote a letter on August 21, 1952, "in which the

Senator said he would appreciate anything which the Embassy might be able to do to assist Mr. Smith with his problem. The Embassy acknowledged Senator Nixon's letter, stating that although it was prohibited by the foreign service regulations from giving legal advice, nevertheless, it wished to do everything possible to be helpful to Mr. Smith."

When the St. Louis *Post-Dispatch* broke the story on October 30,1952, Nixon called the newspaper and complained. The reporter, T. C. "Ted" Link, was sent to Florida to investigate his complaint. According to Link:

"I talked to Nixon on the beach at Lauderdale or Palm Beach and he was chiefly sore at two other newspapers which had intimated that the gambling trip involved some girls. We had made no mention of any women. Nixon agreed that all the facts we printed were correct."

The episode impressed Lansky in 1953, as did Nixon's relations with such men as Chotiner and Smathers. Anything dealing with Florida or California politics had to be of interest to a man who lived in one and operated extensively in both states. Moreover, with the return of Batista, it was time to rebuild in Cuba. And the necessity of having friends in both places was even more important.

In evaluating Nixon, Lansky could not fail to note that it was Governor Dewey of New York—having abandoned his own ambitions—who sponsored Nixon for Vice President in 1952. It was a foregone conclusion that Nixon would be a strong prospect for the top job in 1960.

Any executive of organized crime making long-range plans for international operations simply had to take such matters into consideration. Smathers, of course, had immediate value. He quickly became one of Batista's staunchest defenders in the Senate as Batista, despite his previous flirtation with the Reds, became a bulwark against the "international Communist conspiracy." Havana could become a syndicate city, with casinos, brothels, and abortion parlors operating openly, with graft and corruption obvious to all, but—according to Smathers and others of the right wing—he deserved support because he opposed the Red menace. Of course, it was his greed that opened the door to Fidel Castro in 1959.

In 1970, when some of the files of the John F. Kennedy Library were opened to students, the extent of Smathers' hostility to Castro became apparent. Among the items publicized was a tape recording made by Smathers in 1964 as part of the library's oral history department.

The tape revealed that Smathers—then a U.S. Senator—repeatedly pestered Kennedy to destroy Castro in 1961. Among the possibilities discussed were an assassination and a fake incident at Guantánamo Bay which would provide an excuse for the invasion of Cuba.

Doubtless, if the invasion had succeeded, syndicate gangsters would have followed the troops into Havana and opened the casinos even as they were ready to do during the Bay of Pigs fiasco.

By 1962, however, Kennedy had learned enough about Smathers' right-wing associations to make him wary. While still valuing the Senator as an entertaining companion, Kennedy ordered him not to bring up the subject of Cuba again. But Smathers was apparently willing to risk the displeasure of the President of the United States in his desire to destroy Castro. In the tape he discloses that he violated orders and did bring up the subject once more. Kennedy became so angry he cracked his fork against his plate at a White House supper, breaking the plate. After that, Smathers said, he gave up.

When the tape was made public, Smathers—now close to President Nixon—charged breach of faith. He had been assured, he said, that his comments would be sealed for fifty years. Otherwise, he would not have spoken so candidly.

Still new insight into the complex relationships of some of President Nixon's associates came shortly thereafter. In September, 1970, a deposition by Rebozo in a civil suit was filed in Federal District Court in Miami.

According to Rebozo's deposition, he was asked in 1968 to arrange a loan in his capacity as president of the Key Biscayne Bank. The request came from Walter A. Jernigan on behalf of Charles L. Lewis of Atlanta. Collateral for the $195,000 loan was to be 900 shares of IBM stock valued at $284,850.

Jernigan, something of a mystery figure, was identified in the 1964 "Bobby Baker hearings" in Washington as the man who helped Baker secure a plush apartment in which two pretty secretaries were installed. Documents identifying Jernigan as Baker's "partner" were introduced into the record. George Smathers was, of course, a close friend of both Baker and Rebozo which perhaps explains why Rebozo in his deposition identified Jernigan as "a customer of the bank and longtime friend."

That the 900 shares of IBM stock accepted as collateral were stolen, Rebozo said he didn't know until—after the loan was made and the stock sold—an FBI agent came to the bank and asked to see the file on the loan to Lewis.

Nevertheless, Rebozo said, he had earlier tried to check out the stock. He called Don Nixon, the President's brother, and asked him to check in Newport Beach, California. He also asked "J. Crosby" to investigate the stock.

When asked during the taking of the deposition, Rebozo indentified James Crosby as "the chairman of the board of Resorts International and an old friend of mine."

Resorts International, of course, is the corporation operating the casino on Paradise Island. Formerly it was known as the Mary Carter Paint Company. Whether Rebozo was a business associate of Crosby, as well as an old friend, was not explored in the deposition.

Rebozo also disclosed that he passed on $95,000 of the loan to the First National Bank of Miami—an institution in which Smathers has a large interest.

Ultimately, he explained, he demanded payment of the loan and was authorized to sell the 900 shares of stolen stock. The actual loan was covered by the sale of 600 shares, but at Lewis' request the remaining 300 shares were sold as well and credited to Lewis' account. The Fidelity and Casualty Company of New York, which had compensated the original owners of the IBM stock for their loss, sued the Key Biscayne Bank, making it necessary to take Rebozo's deposition.

Shortly after the story broke, a federal grand jury indicted eight persons from New York to Boston on charges of conspiring to convert stolen IBM stock to cash through the Key Biscayne Bank. No one associated with the bank was accused, nor was Lewis—the man who got the loan. Among those indicted were associates of Anthony "Fat Tony" Salerno and Gil "the Brain" Beckley.

(Both Beckley and Salerno had operated in Havana in the pre-Castro days.)

Batista had respected Lansky's promise to President Prío, waiting until 1952 to make his move for power. No one was surprised, however, when Senator Batista announced himself a candidate as election time drew near again. His two announced opponents were considered to be men of honesty and integrity. One was a former president and a 1920 graduate of the U.S. Naval Academy. The other was a university professor.

Surveys were published on March 1, 1952, showing that Batista was running a poor third behind the other candidates. Since the election was scheduled for June 1, Batista had ample time to overcome their lead. He decided not to risk it.

Early on March 10, Batista and a small band of rebels entered Camp Columbia, the military fortress in the suburbs of Havana, and seized control. The army, which remembered the high pay and good times of earlier days, rallied to his support. President Prío was removed as head of government after offering no resistance. Perhaps he assumed it was inevitable, or perhaps he recalled the money waiting in a Swiss bank. Within twenty-four hours Batista was again master of Cuba.

Lansky, unfortunately, was in no position to take immediate advantage of the coup. He was in prison, and not until the following year was he able to confer with Batista, who was as receptive as ever.

Lansky's proposals were not new. The germ of the idea had existed for years and had been discussed as far back as 1944; recent events had given the plan new urgency. Instead of the small casinos of the past, Lansky wanted to build hotel-casino complexes comparable to those developed in Las Vegas and offering the same big-name entertainment with a Latin flavor.

Lansky, cautious as always, didn't want to invest a lot of syndicate cash. That would require a quick return and demand security which he couldn't guarantee and neither could Batista.

The dictator took exception to this but Lansky placated him, pointing out anything could happen. His proposal:

Batista or the government would put up half the cash on a dollar-for-dollar basis. They'd find some suckers to put up their share for a small piece of the action, but Lansky would retain control. That way Batista would have to deal only with one man; Lansky could handle all the flak.

How much? asked Batista.

Lansky estimated a hundred million ought to handle it, but only if the dictator relaxed a lot of restrictions on importing building materials and the like.

That would take some new laws, Batista pointed out. After all, he didn't rule by decree.

Neither did Huey Long, said Lansky, but the Kingfish always managed to get what he wanted. How long would it take to get some laws passed?

Despite Batista's best efforts, it took more than a year. The basic change permitted anyone investing $1,000,000 or more in a hotel to obtain a gambling license. Furthermore, the Cuban government would match the investment dollar for dollar or find Cuban organizations willing to do so. The license fee would cost only $25,000, plus $2,000 for each month of operation. Corporate taxes were waived against hotel-casinos, and import duties removed on importation of building materials.

This last was very important, for in the past such duties had amounted to as much as 70 percent of value. Furthermore, it permitted Cuban contractors with the right connections to bring in twice as much material as needed and sell the surplus at a handsome profit. Of course, to get the right connections, they had to make large contributions to Batista and his ministers. Even so, there was still a large margin of profit.

Under pressure from Lansky, the minister of labor ruled that all pit bosses, stickmen, and dealers in casinos were technicians and thus eligible for 2-year visas. Previously, they had been permitted in Cuba for only 6 months at a time.

While waiting for the laws to be passed and for Batista to get the country organized on a more efficient basis, Lansky took over the old Montmartre Club. Sammy Bratt, who had worked for Lansky in Broward County, was put in charge of the casino. The joint became something of a training school for Cubans who had forgotten, if they ever knew, what a class operation was like.

From his headquarters in the club Lansky began receiving gangsters from all parts of the United States who wanted part of the action. Careful consideration was given to all applications. Lansky wanted the major operations in the hands of his friends. The smaller joints could go to the Mafia or to suckers who were willing to put up large sums, but men like Moe Dalitz and Phil Kastel had priority. Some mobsters, such as Santo Trafficante, Jr., of Tampa, Florida, tried to make their own deals with Batista; the dictator brushed them off. He had the greatest admiration for Lansky and was convinced that the Little Man—as the Cubans called him—would make Havana the Las Vegas of the Caribbean. Trafficante ended up with the Sans Souci but was far from satisfied. He carried his complaints to Albert Anastasia, who had his own private grudge against Lansky. Big Albert promised to take it up with the National Crime Syndicate.

Trafficante was a native of Tampa and over the years had built up a numbers racket stretching across all of central Florida from the Gulf to the Atlantic. His headquarters for many years was in the Tangerine Tavern in Tampa, but he also owned a home in Miami and made frequent efforts to cut himself into the more profitable rackets there.

For himself, Lansky planned a new hotel-casino to be known as the Riviera. It cost $14,000,000 to build, with government-controlled banks putting up half that amount. The rest came from syndicate-related investors. Lansky put in a few thousand dollars, more or less as a gesture. His name wasn't on the official records as a stockholder, but he was on the payroll of the hotel when it was completed. His official job—managing the kitchen.

The Cleveland Syndicate didn't have to wait for a new hotel-casino to be built. Lansky arranged to turn over to them the old but still plush Hotel Nacional. He had managed it in the 1930's and knew its potential. Brother Jake was installed as pit boss, but his real job was to represent Meyer's interests. Sam Tucker, who had managed the Beverly Hills Club outside Newport until 1949, had overall charge of the operation.

The new Capri was largely a sop to the Mafia. A group headed by Charles "the Blade" Tourine operated it, but Lansky took his cut. George Raft, that old buddy of Bugsy Siegel, was imported to serve as official host and greeter. His roles in gangster movies made Raft an intriguing and romantic figure, yet in this case, at least, the reality was far more sinister than the illusion. Raft become involved in some complicated deals that led ultimately to the murder of syndicate accountant Benjamin Berkowitz. Tourine could not read or write but he could figure, and he didn't like to be cheated.

Other hotel-casinos included the Sevilla Biltmore and the thirty-story Habana Hilton, which cost some $24,000,000. Much of the money for it came from pension and welfare funds of the politically controlled cooks' and bartenders' union. Installed in key positions in the casinos were such Lansky friends as Clifford A. Jones, former lieutenant governor of Nevada; Eddie Levinson, the Newport, Kentucky, graduate who had fronted for Lansky in several Las Vegas casinos, including the Sands and the Fremont; and Irving "Nig" Devine, who had worked in Newport, Miami Beach, and Las Vegas. On a lower level, such technicians as the Cellini brothers, Dino and Eddie, handled the actual casino operations. Both were products of Steubenville, Ohio, a small, dirty city whose slums produced a fantastic number of casino experts. Others included Herman Stark, the old-timer who dated back to Owney Madden's Cotton Club in New York; Dan "Dusty" Peters, who arranged junkets and carried cash to the syndicate-controlled Bank of Miami Beach; and a trio later known as the three mongrels, Max Courtney, Charles Brudner, and Red Reed or Ritter—he used both names. Basically the trio were bookies, but they served well as credit managers, utilizing years of experience to determine how far a high roller could be allowed to go after his supply of cash ran out.

Years before, Lansky had observed that "you can't live off the Cuban people." He was also aware that such plush casinos as were under construction or in operation couldn't live off tourists per se. It is syndicate propaganda, carefully cultivated, that gambling is essential to tourism. In 1949–50, when the casinos closed along the Gold Coast of Florida, the dire prediction was made that without gambling the area would die. Such propaganda was used as part of the drive to legalize casinos in Florida. Yet in the absence of open gambling, the area prospered as never before.

The professionals well understand the truth: Without organized junkets of high rollers, the casinos would soon die. Consequently, Lansky, through such men as Courtney and Peters, established organizations in most major American cities to arrange junkets and fly the high rollers at no cost to Havana by chartered plane. Meanwhile, the tourists came, spending money lavishly in nightclubs and shops and thus giving the economy the boost Lansky had promised. Most tourists visited a casino at least once; but if they dropped ten dollars in a slot machine, they felt sufficiently bold and daring and could go home and boast about the big roll they had lost.

With the tourists and the junkets coming in on schedule, a dozen other rackets developed. Prostitution was upgraded, and a higher class of whores trained or imported. A local market for narcotics was established, and Havana became more than a way station for the drug traffic directed from Italy by Lucky Luciano. The abortion racket was organized, and girls in need of a doctor were offered package deals—hotels, food, and medical services. In short order Havana became the abortion capital of the Western Hemisphere, and Cuban doctors were getting rich.

Batista, of course, took a cut of everything. Slot machines were his special province, and a brother-in-law, Roberto Fernandez y Miranda, took personal charge. He got half the earnings from the one-armed bandits, forcing the syndicate to adjust the machines to make fewer and fewer payoffs to the suckers. The brother-in-law was an army general and government sports director. Presumably, slots came under the heading of sports.

Business boomed, just as Lansky had promised, and so many rich Cubans bought cars that parking spaces became scarce. Ultimately, Batista installed parking meters, a move which aroused the poor people to anger more than anything else. Gasoline was expensive enough, but to have to pay to park was incredible. Enough people lacked the coins needed to leave ample room for the elite. Came the Revolution, and the first things smashed were the parking meters. After them went the slot machines.

Ironically enough, the average crooked Cuban businessman and/or gangster was not overly disturbed by the army of hoods Lansky brought to Cuba. In 1958 *Life* magazine quoted an unnamed Cuban as saying:

"You just go ahead and send your toughest gangsters down here. I guarantee that even a second-rate Cuban politician will run rings around him."

So much for local pride—and ignorance. In such a mood the businessmen of Germany welcomed Hitler. That Batista's deals with Lansky opened the door for Fidel Castro now seems apparent, but in those exciting days Castro was considered no threat to anyone.

Meyer Lansky was, of course, busier than ever. It was one thing to get the casinos going and assure the supply of suckers, but the millions being made in Cuba had to be dry-cleaned and returned to the United States in such a fashion as to escape the eyes of the Internal Revenue Service.

The Bank of Miami Beach was created and opened for business on January 7, 1955. Into it flowed a vast amount of cash—deposited in the name of various foreign corporations set up by Lansky and his allies under the laws of Cuba and Panama—but it flowed out as fast as it came in. The Union National Bank of Newark, New Jersey, also became a depository for gambling funds from Havana. Lansky had used the Newark bank as early as 1942 when he was allegedly working for Krieg, Spector & Citron.

Cash was also carried by courier to the International Credit Bank of Switzerland. Once safely deposited in numbered accounts there, it could be invested in the stock market or returned in the form of loans to individuals and corporations controlled by the National Crime Syndicate. John Pullman, who had moved from Miami Beach to Canada, was in charge of that phase of operations.

Batista, waking up to the immense profits of the casinos, demanded a percentage instead of a flat fee. Lansky agreed cheerfully enough, but Batista's share came from the sums remaining after vast amounts had been skimmed from the top.

A similar procedure was devised for Las Vegas where Lansky held hidden interests in several casinos, such as the Flamingo, the Tropicana, and the Thunderbird, and had given his personal okay for others to operate. As much as 20 percent was skimmed before the official count of each day's profits was made, and the money was carried to Lansky in Hollywood or Havana. He usually took 60 percent of the skim and passed the rest on to be divided among other gang leaders. Small as the amounts were, in comparison to Lansky's share, they were enough to keep the board of directors of the National Crime Syndicate happy and flush. Out of his profits, of course, Lansky had various expenses to be paid. Good men don't work for nothing, and those who were picked as part of the Lansky

Group were well rewarded. Once on the team, there was no way to resign. Lansky's reputation as a ruthless enforcer of his rules was as effective as the rewards he offered for keeping his organization honest and loyal.

Learning from his narrow escape from the Internal Revenue Service in 1953, Lansky kept investments in his own name to a minimum. The solution, he decided, was to own people not property. There was nothing new about this—he had done it in the past—but now it became his sole technique. He was careful to report enough income from legitimate sources to justify the modest way he lived. The salary he received for supervising the Riviera's kitchen, for example, was reported. So was the $25,000 he received from the contractor who built the Riviera, one Irving Feldman of Miami Beach. It was listed as a "finder's fee," and who could prove it wasn't?

Much of the cash received by Lansky was invested in motels and hotels along Miami Beach and up the coast to Hollywood in Broward County. The tipoff that Lansky had made a new investment was usually the appearance of Lansky's crippled son, Buddy, in some capacity, such as switchboard operator. Despite his handicaps, Buddy was intelligent and alert. His father was careful to involve him in nothing illegal, but Buddy could observe and report. He was closer to his father than the other children.

Paul was graduated from West Point in 1954 and became a captain in the Air Force. Meyer was proud of his son but recognized the need, as well as his son's wish, to keep his distance. Sandy had been graduated from Pine Crest School in Fort Lauderdale and had become a beautiful, though somewhat independent, young lady. She took great delight in dating police officers and federal agents and went from one minor scrape to another. Only Anna had any influence with the girl, and she continued to have her personal problems. She was constantly in and out of various hospitals. Jake Lansky made sure she was cared for on behalf of his brother.

Meyer was delighted when Sandy married Marvin Rappaport. It was something of a childhood romance. Sandy had spent several summers at the home of her grandmother, Mrs. Yetta Lansky, 240 Ocean Parkway, Brooklyn. It was actually the home of Lansky's sister, but to Sandy it was Grandma's. Just down the road at 330 Ocean Parkway was Rappaport's home.

The alliance was good in other respects. Marvin's mother, Mrs. Pearl Rappaport, was the sister of Irving Haim, who was involved in business dealings with Costello and other members of the National Crime Syndicate.

In 1934 Haim became president of Alliance Distributors, Inc., a liquor company formed as part of the general move into legitimate business at the end of Prohibition. The company was granted sole distribution rights in the United States for such brands of scotch whiskey as King's Ransom and House of Lords. The whiskey was distilled by J. C. Turney & Sons, Ltd., which, according to British officials, had connections with the syndicate in bootlegging days.

With William Helis of New Orleans supplying $325,000 in cash, Haim in 1937 purchased the stock of the English company. Helis was an oil operator from New Orleans who got rich cooperating with Huey Long's lieutenants in the days when Lansky, Kastel, and Costello put slot machines in the area. Haim gave Helis a note for $225,000, and Kastel put up the rest. Costello endorsed Kastel's note.

The corporation address of Alliance Distributors was the Rappaport home at 330 Ocean Parkway.

In 1939 the distribution rights to the scotch were transferred to the William Jameson Company, and Haim became an employee. By 1941 the company went into involuntary bankruptcy, and the distribution rights were taken over by International Distributors, Inc., which was organized by Haim with money borrowed from a rum distillery in Puerto Rico of which Haim was officially co-owner.

The changes—apparently intended to confuse tax agents—continued in 1944 when International Distributors was changed to a partnership of the same name. Haim held 40 percent interest, and the rest was divided among his relatives, including Mrs. Pearl Rappaport.

Other complicated dealings followed; but when investigators probed the deal, they were most interested in a side arrangement that benefited Frank Costello. The minutes of the original English company showed that on May 5, 1938, Costello was appointed a personal agent of the company to promote the sale of the scotch brands in the United States. He was to receive £5,000 per annum for his services, plus a commission of 5 shillings per case in excess of 50,000 cases shipped to this country.

A year earlier, however, when Costello signed an application for a lease on an apartment at 115 Central Park West, he listed his occupation as "general sales manager for Alliance Distributors, Inc."

So it was that in 1957 the marriage of the two young people who had played together as children was in the highest tradition of the old country: It united families with mutual interests. Both Marvin and Sandy were innocent enough of the doings of their elders. Had they realized with what pleasure their union was regarded, they might have been less eager to wed.

The marriage didn't last long, but Lansky treated his son-in-law with the same consideration he had shown Teddie's son by her first marriage. In time, when young Rappaport opened a swank Manhattan restaurant much frequented by café society, those in the know assumed that Lansky's money was behind it.

The indirect connection of Costello to the romance of Lansky's daughter was rather ironic. For Costello was in trouble and his troubles precipitated a crisis in the National Crime Syndicate that presented Lansky with a long-awaited opportunity.

# 13

DESPITE Meyer Lansky's preoccupation with affairs in Las Vegas and Cuba, he had not neglected his position in the National Crime Syndicate or as acting *capo di capi re* of the Honored Society.

The new millions now flowing into the Swiss bank accounts of the underworld increased Lansky's prestige and authority, but at the same time it aroused a certain resentment. Nothing was surer in organized crime than the fact that the higher you climbed the more persons were eager to replace you.

One possible rival had been eliminated by courtesy of the same Immigration and Naturalization Service that had failed to deport Lansky. The heat went on Joe (Doto) Adonis at the same time it went on Lansky—in both cases, part of the fallout from the Kefauver committee's probe.

A New Jersey grand jury, confronted with the committee's evidence, indicted Adonis in 1951 for conspiracy to violate gambling laws. But where Lansky later got off on a similar charge with a 90-day sentence, Adonis was given a 2- to 3-year term. While he was still behind bars, a probe to find grounds on which to deport him began.

The first break came in 1952 when investigator Earl Greenleaf proved Adonis was not born in Passaic, New Jersey, on November 5, 1901, as he claimed. The house at 36 State Street had not been built until 1905.

A check of old records in New York disclosed that a Michele Dato arrived in that city in 1906 from Italy and was joined in 1909 by his wife and four sons. One of them was Giuseppe, age six. No Dato was listed in the 1905 census records. Playing a hunch, investigator Martin Peters found an Adone in the 1915 records. So this was where Adonis had found his name. The family had attempted to become Americanized by changing their names. Michele had become Michel; the mother, Maria, had become Mary; and Giuseppe was now Joseph. What's more, all were listed as natives of Italy.

Greenleaf had a long and frustrating hunt before he found the proof he needed that Joe Adonis was Joe Adone, born in Italy. He finally located an elderly detective who remembered arresting Joe Doto in 1922 for assaulting a girl. The detective, Thomas F. Conley, remembered that Doto, also known as Adone, admitted to the booking lieutenant that he was born in Italy.

Still, problems remained. One solution was to prove that Adonis had left the country and returned without admitting he was an alien. Adonis had admitted he visited Luciano in Cuba in 1946, but no record of such a trip could be found.

Meyer Lansky, aware of the difficulty, decided to give the federal officials a hand. Only one man could prove the trip and he was Jimmy Blue Eyes, who had returned with Adonis from Havana on December 9, 1946. And Alo was Lansky's closest friend and ally.

A tip from Alo, given anonymously, enabled immigration officials to locate the missing records. Sure enough, they proved that Adonis had declared himself an American citizen upon returning from Cuba. This meant the reentry was illegal.

Icing on the cake came two days later when formerly hostile Italian officials suddenly came up with the birth records of Giuseppe Doto. He had been born on November 22, 1902, in Montemarano, Italy. Why the family had called themselves Dato no one bothered to discover.

Adonis was ordered deported on August 5, 1953. Usually such orders signal a long court fight, and Adonis had no intention of giving up so easily. But two perjury indictments in which he was charged with lying under oath about his citizenship changed his mind. Faced with long years in prison, Adonis decided the sensible thing was to join Lucky Luciano in Italy. He sailed away on January 3, 1956, and Meyer Lansky was rid of one more rival.

Meanwhile, there was growing apprehension about Costello's position. By virtue of his partnerships with Lansky, as well as a number of other ventures, he had become wealthy and powerful. While not exactly the "Prime Minister," as New York newspapers dubbed him, he was second only to Luciano in the Mafia and a member of the board of the National Crime Syndicate. Had Lansky attempted in Luciano's name to exercise strict control over Mafia activities, he would have inevitably clashed with Costello. But Lansky was content to deal with the individual *capos* in matters of joint interest and did not meddle in local family matters.

It was Costello's rather obvious political connections in New York that made him the No. 1 target of the Kefauver committee which, not content with grilling him again and again, also cited him for contempt when he lost his temper and staged a walkout in direct defiance of the powers of a Senate committee.

While he was spending time in jail, the long IRS probe came to a successful conclusion and Costello was convicted of tax evasion. He managed to get out of prison a few times on appeals, and it was 1958 before his last attempt to beat the rap was rejected.

But the publicity had destroyed Costello's value to the syndicate and caused his Mafia rivals to sharpen their knives in anticipation of taking over his share of the rackets. Sensing that the lid was about to blow off, Lansky called a meeting of the syndicate's board of directors for November, 1956. It was perhaps the largest meeting since Bugsy Siegel was sentenced to die subject to Lansky's discretion. As usual, the session was held in the Waldorf Astoria where Costello had lived for years as Mr. Ross.

The New York delegation was sharply divided, as could be expected. Arguing that Costello had earned his place and would soon be forgotten by the press and public were such gangsters as Vito Genovese, Jerry Catena, Tony (Anthony Strollo) Bender, Longie Zwillman, and, of course, Albert Anastasia. The latter was automatically opposed to anything sponsored by Lansky.

Zwillman, who might normally have supported Lansky, had become closely allied over the years in the New Jersey rackets with Catena and didn't want to do anything to cause a break in his comfortable relationship.

Supporting Lansky was, of course, Jimmy Blue Eyes Alo; Trigger Mike Coppola, who now lived in Miami Beach; his partners, Joey Rao and Fat Tony Salerno; Thomas Luchese; George Scalise; and Lansky's old enemy, Anthony "Little Augie" Carfano.

Alo, in briefing Lansky before the meeting, warned that Carfano had his eyes on Costello's empire.

"You get rid of Frank," he warned, "and we may have a worse problem on our hands. Little Augie hates your guts."

But Lansky wanted to take one thing at a time. His real worry was Big Albert, who was eager to cut in on the action in Havana.

Had the matter been left to the New York delegation a civil war might have resulted, so close was the division. But now Lansky's ancient courtship of gang leaders across the country paid off. Without exception, the men who had begun in Cleveland, Detroit, Kansas City, St. Louis, New Orleans, and even Chicago backed Lansky. Many of them had pieces of the operations in Las Vegas, and others were getting rich in Havana. They owed little to Costello who, as far as they were concerned, had served the cause only by acting as a lightning rod to attract the bolts that might otherwise have fallen on them. Lansky, on the other hand, had taught them how to be rich—and respectable as well.

Despite impassioned speeches by Anastasia, the odds against Costello never shortened. Albert committed an unforgivable blunder at the end by appealing to Mafia loyalties and trying to divide the syndicate along ethnic lines.

Zwillman became uncomfortable enough to pass a message to Lansky:

"The bastard don't like Jews. Should I change my vote?"

Lansky scribbled:

"Stick with Costello. It looks better that way."

The vote was a formality. Costello was voted out of the National Crime Syndicate by an overwhelming margin. Only one question remained: Should he be hit or allowed to retire with dignity?

And now a new division appeared. Carfano arose to demand that Costello be killed. As long as he remained, he argued, there would be continued heat. Furthermore, he would be a rallying point for dissident elements who might try to revolt against the syndicate.

Carfano looked at Anastasia as he spoke, and no one misunderstood his meaning. Alo took the floor to argue against the proposal. Frank, he said, had merely been unlucky. He had done nothing in violation of the syndicate's rules. Let him retire in honor and Alo would guarantee he would cause no future trouble.

The delegates knew that it was Lansky speaking, although the words came from Jimmy Blue Eyes. At the vote, only Carfano and two of his lieutenants favored Costello's death.

Informed of the decision, Costello accepted graciously. He was tired of the heat, the publicity. Ahead of him still was another jail term for the tax conviction. If the word got around that he had been voted out, maybe the Feds would go easy on him.

Some haggling was necessary before Costello agreed to give up all his rackets, and it was only after Lansky personally intervened to guarantee him a piece of the Tropicana Club in Vegas that an accord was reached. After all, Costello wanted to retire in comfort. The Tropicana was nearing completion under the direction of Costello's old partner, Dandy Phil Kastel, so its choice was entirely appropriate.

The director's meeting broke up with Lansky the acknowledged, though unofficial, Chairman of the Board. Yet Lansky knew old wounds had been reopened that would require careful observation in the immediate future. Carfano was angry because Costello had not been killed, and Anastasia was sore because he had been deposed. The two men had only one thing in common—each blamed Meyer Lansky.

Trouble was not long in coming. A gunman bounced a slug off Costello's head on May 2, 1957. Police found a scrap of paper in Costello's pocket listing gross casino wins in the Tropicana, which had just opened. The paper was traced to two men with connections to Lansky. It caused a mild sensation in Las Vegas, but it was soon forgotten, as an earlier scandal linking Lansky men to the Thunderbird had been swept under the rug. In that episode Clifford Jones and Marion Hicks were shown to represent George Sadlo and Jake Lansky who, of course, were nominees of Meyer Lansky.

The underworld was divided as to who was responsible for the blundering attempt on Costello's life. Carfano was blamed by many, but another group argued that Anastasia was the brains behind an elaborate plot to fake an attempt against Costello in the hopes of arousing Mafia anger against Lansky and his allies. If so, then the gunman was more skilled than appeared at first glance. A fraction of an inch lower and Costello would have been dead.

Adding to the theory that Carfano arranged the shooting was the fact that Little Augie and Frank Erickson had drinks with Costello in the Waldorf a few hours before the shooting.

In any case, Anastasia did his best to convince the Mafia that Lansky was the brains behind the murder attempt. And he followed up the charge with a demand that Lansky be kicked out of Cuba and the lush gambling empire there be turned over to him.

The principal argument advanced by Anastasia was that his man, Trafficante, was on good terms with Batista and could take over field operations without upsetting syndicate-Cuban relations.

Lansky was so confident he didn't even summon his Midwestern and Western allies to the new conference. The decision was left to the New York–New Jersey representatives, and they wasted little time in ordering Anastasia to get out of Cuba and stop interfering.

Big Albert took it badly. When even Longie Zwillman supported Lansky, Anastasia vowed to take the Mafia out of the National Crime Syndicate. Genovese and Jerry Catena laughed in his face. Whereupon, Albert vowed that he would appeal to the rank and file and arrange a complete sweep of what he called the modern version of the old Mustache Petes.

"You bastards have sold yourselves to the Jews," he screamed. "The traditions of the Honored Society have been forgotten. The old days were bad, maybe, but at least we could hold up our heads in pride. We had respect then; now we're a bunch of fucking businessmen."

After Anastasia stormed from the room, the inevitable question arose: Should he be hit? As usual, Carfano was in favor of instant execution. Alo, prompted by Lansky, urged caution. Albert had lost his temper before, only to cool off in time. Besides, it might be wise to wait and find out if he indeed had allies and who they were.

A tentative death sentence was imposed, subject to future developments. Jimmy Blue Eyes was authorized to act at any time he deemed appropriate.

Lansky flew to Havana and called in Trafficante. The Mafia boss of Tampa had heard the news and was obviously frightened. He assured the Boss that he had no part in Anastasia's conspiracy and wanted none. If Lansky would permit him to remain in Havana, he would cooperate completely with the syndicate.

It was the old Mafia weakness—a willingness to change sides and stab a former friend and ally in the back if such action would enhance the chances of survival.

Lansky ordered Trafficante to play ball with Anastasia and to report any new development as quickly as it occurred. He made it clear that he had other sources of information, and if Trafficante didn't prove loyal, he would be eliminated along with Big Albert at the right time. Greatly shaken, Trafficante offered to take a blood oath if necessary to assure his enduring friendship.

Aware that in some Mafia circles the blood oath—although no longer required of new members except in special circumstances—was still considered semisacred, Lansky agreed. Charles "the Blade" Tourine was summoned as a witness, and the ceremony was performed in Sam Tucker's office in the Nacional. Tucker, an enlightened member of the Cleveland group who had worked personally with Lansky in Molaska, had difficulty concealing his amusement.

With an ancient Spanish dagger—none from Sicily was available—Trafficante cut his left wrist, allowed the blood to flow, and wet his right hand in the crimson stream. Then he held up the bloody hand:

"So long as the blood flows in my body," he intoned solemnly, "do I, Santo Trafficante, swear allegiance to the will of Meyer Lansky and the organization he represents. If I violate this oath, may I burn in hell forever."

A written copy of the oath—dictated by Alo over the telephone from New York—was signed by Trafficante in his own blood. Tourine witnessed the signature with an *X* in ink. Tucker produced a Band-aid, and the two Mafia leaders hurried out.

"Think it'll work?" inquired Tucker, who in the old days had tangled with the Milanos and Polizzis of the Mayfield Road Mob in Cleveland.

Lansky thought so—but not because of the mumbo jumbo. Santo was smart—he wanted to ride with the winner and knew who had the heavy artillery.

"You've been reading Napoleon again," said Tucker, well aware that Lansky regarded the Emperor of the French as a personal hero, as Capone and others had admired Mussolini.

Whatever the reason, Trafficante cooperated with Lansky. On October 18 he reported that Anastasia had called a General Assembly of the Mafia to meet ten days later in the home of Joseph Barbara in Apalachin, N.Y. Most of those invited were *capo decinas,* ambitious men of lower rank who were eager to move up in the Honored Society by any and all means.

Trafficante, who was among those invited, was ordered to stay as close to Anastasia as possible. Lansky flew to New York to arrange things.

Meanwhile, a delegation of Cubans went to New York to see Anastasia. They included Roberto Mendoza, Alfredo Longa, and two brothers, Raúl and Ángel González. In Havana they had been negotiating with John Hauser of the Hilton hotel chain to operate the casino in the towering new Habana Hilton.

Mendoza later reported they had been told that Clifford Jones, ex-lieutenant governor of Nevada and a Lansky associate, would have to have a piece of the operation. The Cubans wanted Trafficante as their American partner, so they went to talk to the man they assumed was Trafficante's boss.

In addition, they met with Joe DiMaggio, the former pride of the New York Yankees. Baseball was very popular in Cuba, and if "Jolting Joe" could be persuaded to lend his name to the enterprise, it would more than offset such notables as George Raft.

The meeting with DiMaggio was "strained," Mendoza later admitted, and it ended abruptly when Anastasia and Little

Augie entered the room. DiMaggio had no desire to become involved with gangsters. He walked out of the meeting.

The presence of Carfano with Anastasia led Lansky to wonder if the two old enemies had formed a new alliance; on this subject Trafficante was a little vague. The two men were "talking," he reported, but he wasn't privy to their conversations.

Trafficante dined with Anastasia on the night of October 24. Carfano joined them. The talk concerned the upcoming convention in Apalachin, and Albert's plans to get control of the casino in the Hilton.

"Little Augie went along with everything," Trafficante reported later that night.

"Okay," said Lansky. "Now you catch the next plane to Florida."

"Won't that tip off Albert?" asked Santo.

"Don't worry about Albert" was the reply.

At 10:15 A.M. next day, Anastasia strolled into the barbershop of the Park Sheraton Hotel at Seventh Avenue and Fifty-fifth Street. Joe Bocchino, who worked chair four, dusted off the seat and Anastasia sat down.

"Haircut," he ordered, and closed his eyes.

Bocchino put the towels in place, got out his clippers, and started to tidy up Anastasia's neck. Albert had been too busy, apparently, to think much of his appearance, and the hair was long. The brown suit he wore was untidy, and the brown shoes needed polishing.

Two men entered through a door leading to a hotel corridor. Scarves covered the lower part of their faces, and they pulled pistols as they walked. The door was behind Anastasia and his barber, but had Albert kept his eyes open, he could have seen the men in the mirror.

Arthur Grasso, owner of the shop, was nearest to the gunmen who ordered:

"Keep your mouth shut if you don't want your head blown off."

Grasso obeyed, and the men stepped in behind Anastasia's chair. Ten shots were fired at close range. Wounded, Anastasia kicked hard against the footrest, knocking it away. He stumbled out of the chair and into the mirror as more bullets hit him in the back and head.

The man known to the press as the Lord High Executioner of Murder, Inc., was dead.

Fleeing out the door, the gunmen dropped their weapons nearby and vanished into the crowd. It had been a smooth performance, worthy of some Anastasia had engineered, but insiders were not impressed. After all, the Bugs & Meyer Mob had proved its efficiency long before Anastasia became famous.

Newspapers next day noted that the hotel in which Anastasia died was the one in which Arnold "the Brain" Rothstein was fatally wounded on November 4, 1928. Only in those days it had been called the Park Central. In the almost three decades since that shooting, a lot of blood had flowed in New York City and around the country, but organized crime was stronger than even Rothstein had believed possible.

Like the Rothstein killing, the murder of Anastasia was never officially solved. It set off repercussions from New York to Havana that continued for years. As late as 1967, the name Anastasia was mentioned in the Bahamas when a Royal Commission began investigating gambling.

Many mysteries surrounding Anastasia's death remain to puzzle law enforcement officials today. Some were deliberately created to draw attention away from the obvious—the Cuban rivalry of Lansky and the dead man. Compounding the confusion was the meeting in Apalachin on November 14.

For as Trafficante soon discovered, the disgruntled delegates wanted to go on with the session despite the death of the man who arranged it. Joe Profaci, an aging olive-oil king who had attended a 1928 Mafia session in Cleveland, was persuaded to lend his prestige to the new one. John Scalish, who once had worked for peanuts in the casinos of the Cleveland Syndicate, was also eager. He saw a chance to hurt his old employers and perhaps win their gambling concession in the Nacional. Joe "Bananas" Bonanno, who was on the verge of open war with Vito Genovese in New York—the war eventually developed—was eager to find new allies.

At Lansky's instructions, Trafficante played along. The original meeting date could not, obviously, be met, so the session was rescheduled for November 14. Somewhat reluctantly, Trafficante agreed to attend.

As many tales about the Apalachin meeting exist as about the murder of Anastasia. Joe Valachi, the celebrated songbird, credited Genovese with the whole idea and claimed one purpose of the meeting was to "anoint" Vito as a "family boss." But Valachi hated Genovese with a typical Mafia passion, and his version of events has a self-serving flavor.*

In any event, about one hundred members of the Honored Society met at Barbara's home in upstate New York. Many of those attending were involved in the narcotics traffic and hoped to achieve a cheaper price for the stuff sent in by Luciano via Cuba and Mexico.

The meeting was hardly under way, however, when someone noticed a police roadblock had been set up at the entrance to the Barbara estate. State Trooper Sergeant Edgar Crosswell was later given much praise for becoming suspicious of so many visitors to Barbara and for deciding to investigate. Unfortunately, since he had only three men to help him, many of the visitors escaped.

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* The Chicago Crime Commission, under Virgil Peterson the most respected in the nation, had this comment on Valachi in its *Report on Chicago Crime for 1963:*

> Following Valachi's testimony, organized crime in the United States was widely depicted as being under the rule of La Cosa Nostra with its secret initiation rites including bloodletting. Such a version is a highly oversimplified and unrealistic picture of organized crime as it actually exists. Known facts clearly refute the validity of any effort to reduce organized crime to any one nationality or ethnic group. In judging the value of Valachi's testimony as providing an accurate picture of organized crime in the United States, it should be borne in mind that admittedly he had no firsthand information whatever regarding most cities, including Chicago, in which organized crime has flourished. His experience was limited to New York where, by his own admission, he was merely one of the workers or "soldiers" in the organized crime structure.

Underworld sources say, however, that Crosswell was tipped to investigate the gathering. The tip allegedly came from a man close to Lansky, and it produced just the result Lansky desired.

The delegates were scattered before any alliance could be reached. And the publicity caused the greatest heat since the 1930's. It focused not only on the men who attended the session but on the entire Mafia. What's more, it continued for well over a year as state and federal officials tried to find some charge to stick against the delegates they had captured or identified. Charges were made, appealed, and eventually thrown out.

Not only were Mafia leaders immobilized by the continuing publicity, but also they were demoralized. Almost instinctively, they rallied to Lansky and other non-Mafia syndicate leaders for advice and assistance. Trafficante was a little annoyed at the publicity he received—after being picked up with the rest—but was soon mollified when he discovered he was now being hailed as the Mafia boss of Florida by the press. Glory was as important as loot to the Mafia mind.

Lansky did not escape unscathed, however. On February 11, 1958, he flew to New York. Detectives trailed him from the airport to Fifty-third and Broadway where he got out of a cab, and then they moved in. Taken to headquarters, he was questioned for three hours about the Anastasia murder and then booked on a charge of vagrancy. He posted a one-thousand-dollar bond and went free.

The Cuban government solemnly announced that Lansky would not be permitted to return to Cuba until the charges against him were dropped. It was a joke even Lansky could appreciate. On February 27 the charges were dismissed.

Prior to going to New York, Lansky had business in Las Vegas where his old friends of the Cleveland Syndicate needed his help in taking over the giant Stardust Hotel and Casino. With thirteen hundred rooms the Stardust was the largest hotel in Las Vegas. Located just across and down the Strip from the Desert Inn, it promised to give Dalitz, Tucker, and Kleinman too much competition.

Antonio Stralla, known to the underworld as Tony Cornero, started the Stardust, but the ex-rumrunner and gambling ship operator had a heart attack before it was finished. With millions invested, John "Jake the Barber" Factor took charge and completed the hotel. It was the pride of Chicago, but the D.I. Syndicate—as the Cleveland boys called themselves now—was unhappy.

Quite a collection of mobsters gathered in Las Vegas for the showdown. A Western Airlines plane brought in Lansky, Zwillman, Dalitz, Kleinman, Marshall Caifano, John "Bats" Battaglia, and Joseph "Doc" Stacher from Los Angeles. Had that plane crashed, organized crime would have suffered a far worse blow than if a hidden bomb at the Apalachin convention had blown all the delegates there to hell.

A deal was worked out permitting the Cleveland crew to lease the casino, and the Stardust soon ranked third in profits in the state. The capture of the new casino put the D.I. Syndicate far ahead of any competitors and made it—on record—the most powerful single group in Las Vegas. Of course, Lansky continued to get first cut of the skim from all the major casinos operating.

A so-called Miami Group, led by Ben and Sam Cohen of the old S & G Syndicate, built the Riviera in Las Vegas and tried to operate without Lansky's consent. They were soon forced out of the $10,000,000 hotel. And who should turn up as manager but Gus Greenbaum, the same enterprising fellow who took over the Flamingo and made it profitable after the murder of Bugsy Siegel. Later someone cut the throats of Mr. and Mrs. Greenbaum in their home in Phoenix, Arizona, but that didn't change Lansky's influence at the Riviera.

Meanwhile the Riviera in Havana was doing very well under Lansky's leadership. According to an official report from the U.S. consul general made in 1960—when details became available for the first time—the casino made a cool $2,000,000 in its first three months of operation. Even the hotel cleared $300,000 in profit.

A list of "associates or employees of Meyer Lansky at the hotel or casino," supplied by the consul general, shows if nothing else that Lansky drew his people from all parts of the country. His "family" was national in scope. The list included Dr. Julius Rosengard of Boston; Dick Kornick of Miami Beach; Dan "Dusty" Peters of Miami Beach; Sam Garfield of Clare, Michigan; Frank Erickson of Glen Cove, New York; Irving "Nig" Devine of Las Vegas; Jake Lansky of Hollywood, Florida; Ben and Harry Smith of Montreal, Canada; Irving Feldman of Miami Beach; Charles "Babe" Barron of Chicago; Edward Levinson of Las Vegas; and Edward and Girodino Cellini, originally of Steubenville, Ohio.

Many of these were later identified formally as members of the Lansky Group. They would be heard of again in the Bahamas.

Meanwhile events were moving faster now as old mistakes began to catch up with the few men who still offered a threat to Meyer Lansky. Zwillman was first to go. Under heavy pressure from the IRS and facing a Senate probe of his vending machine rackets, Zwillman gave evidence that he was old, tired, and ready to make a deal. Gerald Catena, who shared the New Jersey jungle with Zwillman, asked permission to eliminate Longie. Catena was an exception to the general run of Mafia hoods—smart, businesslike, and efficient.

Somewhat reluctantly, Lansky gave his okay. If Zwillman crumbled, he would expose much that Lansky wanted hidden. Furthermore, he had opposed Lansky in the decision to remove Costello.

On February 27, 1959, Zwillman was found dead in the basement of his twenty-room home in West Orange, New Jersey. Police called it suicide. Federal officials, hot on Zwillman's trail, said nothing for publication. Privately they called it murder.

Genovese was next to go. Indicted on July 8, 1958, he was convicted early in 1959 on narcotics charges and sent to prison for fifteen years. Those writers who had made Vito boss of all the bosses in their stories continued to insist that he operated the rackets from prison. When Genovese died in prison in 1969, there was great speculation as to who would succeed him.

Meyer Lansky found it all very amusing.

Remaining was Carfano, and Lansky decided he could not wait for events to catch up with Little Augie. For with Genovese's death, Carfano began an attempt to take over the National Crime Syndicate. He had hated Lansky since being supplanted as gambling boss of Florida, and his new moves were aimed directly at the Little Man. On the night of September 25, 1959, Carfano dined at a restaurant on Lexington Avenue. Tony Bender was with him, as was Mrs. Janice Drake, a former beauty queen who called him Uncle Gus. A telephone call came to him at the bar, and Carfano got very excited. He returned to the table, threw down a roll of bills, and announced:

"I've an appointment in Queens and I have to get there in a hurry."

Taking Mrs. Drake by the arm, he vanished into the night.

The caller who caused Carfano to dash away so hurriedly purported to be Jimmy Blue Eyes. Carfano, who had been discreetly courting Alo in an effort to win him away from Lansky, was eager to continue the courtship. If he could make an ally of Alo, Lansky's influence with the Mafia would be seriously impaired. Upon hearing that Alo wanted to talk to him, Carfano threw caution aside and rushed out into the night. As had others, Carfano underestimated Lansky's hold on certain individuals who valued his friendship above ethnic loyalties.

At La Guardia Airport, Carfano picked up two men who explained that Alo had gone on to his apartment. They were to take Carfano to him. The eager Little Augie didn't hesitate as the men climbed into the back seat.

When they reached a lonely stretch of street, the men in back fired several shots into the heads of Mrs. Drake and Carfano. The 1959 black Cadillac leaped the curb and came to a stop.

When police arrived, there was, of course, no trace of the killers.

Police later identified the killers tentatively as Jimmy Blue Eyes' boys, but proof was lacking. Valachi, as usual, blamed Vito Genovese. Tony Bender disappeared two years later and hasn't been seen since.

Meyer Lansky now ruled as Chairman of the Board of the National Crime Syndicate with no one left to contest that fact. The process of elimination which had begun with the betrayal of Lepke was complete.

Yet the only thing certain in this world is change, and even as Lansky disposed of his rivals, a bearded rebel came out of the mountains and overnight caused the Cuban gambling empire to crumble.

"You win a few and lose a few," commented Alo. "Where do you go from here?"

"The Bahamas," said Lansky.

[illegible] there were, of course, [illegible] of the [illegible]

[illegible]

[illegible] Vito Genovese. Tony Bender disappeared and [illegible]

[illegible] National Crime Syndicate [illegible]

[illegible]

[illegible] Alex "Wimpie" [illegible]

# 14

THE fall of Batista was not entirely unexpected. By 1958 it was apparent that the rebels were gaining in strength while Batista's influence was on the wane. The old gambit used so successfully in the States was attempted. Castro was contacted and offered guns and money. He accepted all the aid he could get, made promises he had no intention of keeping, and expanded the war rapidly.

Batista needed neither guns nor money. But the will to fight was gone. Thanks to Lansky, he had stashed away millions in Swiss banks and the prospect of retirement became more tempting with each rebel success.

Yet the end came more abruptly than anyone anticipated, and Lansky flew out of Cuba on Batista's heels. While he had not written Cuba off as lost in view of Castro's promises, he began immediately to plot his next move. His thoughts centered on the Bahamas where a white minority known as the Bay Street Boys had ruled a black majority for centuries.

Castro permitted the casinos to reopen briefly—as if repaying the syndicate for its aid; the reprieve was short-lived. Ultimately, many of Lansky's men were jailed before being kicked out. Jake Lansky spent twenty-five days in a Cuban prison and got out just in time to attend his mother's funeral.

Yetta Lansky had been a good mother, proud of her sons and the good life they appeared to have achieved. Most of her last years were spent in her daughter's home on Ocean Parkway in Brooklyn, but she began spending the winters in Florida. The funeral was on June 7, 1959, in Hollywood. Many of those attending were federal agents anxious to learn the whereabouts of Meyer who, since leaving Cuba, had been invisible. The elder son appeared at the funeral but disappeared immediately thereafter.

In recent years published reports have pictured Lansky as always under the watchful eye of the FBI. Indeed, stories have circulated that he uses his official escorts as unofficial bodyguards, slowing down to allow them to catch up with him on the street. Nevertheless, he has always possessed the ability to slip away when he desires, apparently well aware that even the FBI lacks the manpower to keep him constantly under surveillance.

For Lansky the fall of Cuba and the elimination of his rivals marked the end of an era. By the old standards, he had no more worlds to conquer. Yet the challenge remained, to adjust to new situations, to anticipate new developments, to plan for the future.

The men with whom he had worked, and sometimes fought, were old, rich, and tired—or dead, deported, or in prison. A new generation was coming along—young men who might be college trained, who carried no criminal record dating back to Prohibition, who had never been arrested for illegal gambling. And the style of crime, thanks largely to Lansky, had also changed. The Mafia might carry on in traditional fashion, with crude attempts at extortion, robbery, blackmail, but they would serve, as always, to attract the heat. The real leaders of crime in the coming years would be quiet, respectable, and almost invisible.

There had been no way to disguise Lansky's role in Cuba. It had depended almost entirely upon his personal relations with the dictator. In the future there would be no such obvious connection—for Lansky or for the bright young men he would recruit. Indirection, insulation, and high-level graft would protect them. The gray area between legal and illegal activity would be widened, and inevitably that which society had frowned upon in the past would become accepted. The National Crime Syndicate as an organization would merge with the business world until one was indistinguishable from the other.

In short, what Lansky planned in his weeks of seclusion was the economic conquest of the nation. The Bahamas would be his laboratory.

As part of his new look, Lansky emerged from the shadows and bought a home. Teddie was delighted. For her it meant that her husband had at last decided to retire and would no longer be dashing around the world on mysterious missions concerned with his work as a gambling consultant. The house at 612 Hibiscus Lane, Hallandale, cost $49,000. Ranch style, it was anything but pretentious. Located in the Golden Isles Subdivision off Hallandale Beach Boulevard, the house was just east of Gulfstream Park. Lansky and allies, such as Joe Linsey and Ben Gaines, owned much of the land in and around Gulfstream and along the coast to the east.

There was only one entrance to the subdivision, and in the center of that entrance the Hallandale Police Department located a substation at Lansky's request. Anyone entering or leaving could be checked. This worked a hardship on federal agents as well as reporters, but officially, the cops explained, it was designed to protect the wealthy residents from jewel thieves.*

Those who did enter and drove by Lansky's house noted the two-car garage in which hung a supply of women's clothing. Teddie, it seems, tried to help her husband make ends met by selling her used clothing. Two rented Chevrolets, replaced each year with new models, sat on the gravel driveway when husband and wife were at home. A reporter who wanted an interview was lucky to speak to Teddie through the window. Ordinarily, he stood on the small stoop unheeded while a Hallandale police car drove slowly back and forth until he left. Obviously, Lansky still had influence in South Broward.

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* The substation was removed in 1966 after the author publicized it in the Miami *Herald*.

Lansky developed a pattern during the next few years. He left home each day about 10 A.M. and drove in his rented car to the Singapore Motel in North Miami Beach. From a hidden office he conducted business until about 1 P.M. when he paused for lunch at a table reserved for him in the coffee shop. Alo often joined him, and sometimes Hymie Siegel and Meyer Wassell, the old school chum who managed the motel. A friendly card game on the mezzanine might follow, but by 3:30 P.M. Lansky was on the way home. His chauffeur was usually Phil "the Stick" Kovolick or Bobby Blanche, two old-timers who earned their spurs with the Bugs & Meyer Mob. It was to the Singapore that couriers brought the skim from Las Vegas casinos—and, later, from the Bahamas.

Only occasionally did Lansky go out in the evening and then usually to the Gold Coast Lounge on A1A in Hollywood. The joint featured the best Italian food—a taste Lansky had developed in many meals with Lucky Luciano and Alo. Always a messenger went ahead to warn Joe "the Blimp" Sonken so that when Lansky arrived, table and food were ready. Sonken was a Chicago boy who had formerly been a partner of Nig Devine and Pete Arnold in Mother Kelly's Nightclub in Miami Beach.

In 1967 State Senator Robert Shevin, his eyes on the attorney general's seat, conducted a hearing on organized crime in Broward County. Sonken was called but refused to answer questions. He apparently lost his temper when asked if Dave Yaras—a notorious gangster out of Chicago—was a member of the Mafia.

"No," he said flatly.

"How do you know?" he was asked.

"Because he's a Jew," snapped Sonken.

Shevin was forced to explain that membership in the Mafia was confined to Italian-Sicilians. However, he said, Jews could be "associate members."

Behind the façade of retired investor, Lansky was proceeding with the conquest of the Bahamas and the establishment of a worldwide gambling empire.

Groundwork for the Bahamas adventure was prepared by three men: Wallace Groves, a wheeler-dealer from the United States who had been sentenced for mail fraud in 1941; Sir Stafford Sands, ranking member of the Bay Street Boys and the real boss of the islands; and D. K. Ludwig, one of the world's richest and most mysterious men.

From the wreck of Groves' financial empire, little remained in 1944, when he was released from prison, but an island in the Bahamas and his friendship with Sands. He managed to buy the Abaco Lumber Company, Ltd., which he placed in his wife's name. The company was engaged in cutting the pinelands on Grand Bahama. The island, while large, was thinly populated; only during Prohibition had it known prosperity as a center of liquor smuggling. Lansky and his allies had bought many a case of booze from the docks of West End, the only town.

Yet Groves conceived the idea of a free port on the island, with all exports and imports moving through duty free. Sands, always on the alert for a new enterprise, was intrigued, and gradually plans were developed. Groves believed that many industries could be lured to the island to escape American and British taxes. Sands was more interested in the area as a tourist resort; he had been attempting for years to legalize gambling in the Bahamas.

The Hawksbill Creek Act was drafted by Sands and signed into law on August 3, 1955. It permitted Groves to purchase 211 square miles of the island at the low price of $2.80 an acre and buy the rest at prices almost as low. He promised to set up the Grand Bahama Port Authority to develop the area and, among other things, to dredge a deepwater harbor at the mouth of Hawksbill Creek. In return, the Port Authority was given almost feudal powers over the land and its people, including the right to deport anyone it considered undesirable.

Little is known of Ludwig, whose passion for privacy makes Howard Hughes a press agent's dream. An American citizen, he started with a small salvage company and built it up into a fleet of oil tankers that roam the oceans. As the money came in—he is considered to be worth more than a billion dollars—he branched out into a variety of other ventures around the world. But the flagship of his empire remains National Bulk Carriers.

It was Ludwig who at the cost of $5,600,000 dredged the harbor for Wallace Groves. Speculation had it that the expensive project was a giant bluff; allegedly, his shipyard leases in Japan were in danger. When the Japanese saw the work under way on Grand Bahama, they had second thoughts and permitted the leases to be renewed. Later developments proved, however, that Ludwig got value received for his work on Grand Bahama.

Allen & Company, a Wall Street brokerage firm and investment company, bought 25 percent of the Port Authority, thus supplying Groves with the cash he needed. The company later found it necessary to indignantly deny any relationship with Meyer Lansky.

Another 25 percent of the Port Authority was taken by the Firth-Cleveland Group in England, a holding company with vast resources. Managing director Charles W. Hayward thus contributed $2,800,000 to Groves' operating capital.

One provision of the Hawksbill Creek Act required the Port Authority to provide the colonial secretary with "proper survey plans" of the land it acquired or intended to acquire. Through carelessness or stupidity—both not uncommon on an island in the sun—the land wasn't correctly surveyed. Some landmarks were located 2 to 20 miles from the positions described on the original Crown Grants made prior to the American Revolution. The errors didn't bother Groves who, by now, was hailed as King of Grand Bahama. He was confident that any lawsuit would be resolved in his favor under a new Quieting of Titles Act which Sands had hurriedly passed. Nevertheless, literally millions were invested in buildings, such as the Silver Point Condominium, on incorrectly surveyed land.

The confusion that accompanied the building of an empire overnight led to an amazing conspiracy. Two American promoters, attempting to establish title to a large area of Grand Bahama, stole the key document of record and destroyed it. After bribing some officials, a new conveyance was typed up which conformed to the chain of title the promoters hoped to establish. The new document could not be used as written since the age of the paper would prove it a fraud. It was certified and then copied. The certified copy was ultimately introduced as evidence and accepted. The petition to quiet the title explained: "This document is recorded in the said Registry of Records in Book L.4 at pages 471 to 473. A photostatic copy of a certified copy is produced. The pages in the original Book L.4 are mutilated and a copy could not therefore be obtained."

The two promoters completed their chain of title on August 19, 1960, and laid claim to the land whose value has since been estimated at $30,000,000. Immediately Groves expressed an interest. Seeking allies, the promoters went to Alvin Malnik, a bright young man just out of law school. Malnik advised his clients to make a deal with Groves. The deal fell through, however, when Groves' experts got their hands on the abstract and realized what had happened. They were able to use the fake deed to create a chain of title of their own. Eventually, the case ended in court as the original promoters filed adverse claims against Groves. The judge decided for Groves anyway. Much of the property had already been assigned to Ludwig as payment for dredging the harbor. Too much was involved to admit a mistake and start over.

The land on Grand Bahama, and the plush hotels built on it, would not have been valuable in the first place had not Lansky come to the rescue of the Port Authority. By 1960 it was apparent that Groves' grand design was in trouble. Industry had not flocked to the tax haven created by Groves and Sands. If the project were to be saved, the emphasis would have to shift to tourism and that, for practical syndicate purposes, meant legalized gambling.

As early as 1939, Sands sponsored a bill to grant exceptions to the laws against gambling. His excuse was to legalize two existing gambling operations—the Bahamian Club in Nassau and the Cat Cay Casino on an out island. Had the war not broken out, Lansky might have taken advantage of the opening. Later, he gave serious consideration to the Bahamas, but Batista's return to Cuba in 1952 caused him to put the project aside temporarily. All that was needed in 1960 was to find a semirespectable front behind which he could operate.

Louis Arthur Chesler, a rotund curly-haired Canadian, filled the bill perfectly. Lansky had worked with him in Canadian mining deals, and Chesler had operated nightclubs in Miami Beach. More recently he had devised the General Development Company to build houses and sell them on the installment plan. Many top gangsters, such as Trigger Mike Coppola, invested in the company, but so did a lot of respectable businessmen, including Max Orovitz of Miami Beach and Gardner Cowles. The company built three small cities in Florida, and Chesler achieved a reputation of being a master promoter.

Chesler appeared in Nassau in 1960, had a long chat with Sands, and hurried over to Grand Bahama. As a result, a Supplemental Agreement between the Port Authority and the goverment was signed on July 11, 1960. It trebled the size of the port area and permitted Groves to sell for residential purposes the land allotted originally for industry. But in return it required the Port Authority to build a "first-class hotel of two hundred bedrooms" by December 1, 1963.

After dozens of intrigues, one of which ultimately brought the collapse of the giant Atlantic Acceptance Corporation of Canada after it sank millions into the hotel and adjacent land, the Lucayan Beach Hotel, the first on Grand Bahama, went into operation. Listed in the plans for the hotel was space for a handball court which, when the time was ripe, would become a casino.

Plans for the casino were made by Lansky and his aides—most of whom had worked for him in Havana—in the offices of the respectable Max Orovitz of Miami Beach. Orovitz later became an officer of one of the companies controlling the casino and was on the payroll as a consultant.

To get the essential Certificate of Exemption without which a casino could not operate, it was necessary to influence the Bahamian government and its newspapers. Sands took care of those details, receiving at least $1,800,000 for himself in the process. The device used was legitimate; everyone in key positions was made a consultant and paid large sums for doing nothing.

Much later, when the entire process was exposed, Sands disclosed that in 1960 he was visited by Lansky, who offered him $1,000,000 deposited in a Swiss bank for his cooperation in setting up gambling. Still later, Sands changed his story. Lansky, he said, offered him $2,000,000. He indignantly refused, he insisted.

The record proves otherwise.

On March 27, 1963, the Certificate of Exemption was granted, and the handball court quickly converted into a casino. Some of the equipment came from the Beverly Hills Club in Newport, Kentucky, which was shut down along with the rest of the town in the fall of 1961.

The official opening of the casino came on January 22, 1964. The international jet set was on hand to give the event some class, but Meyer Lansky's veterans were in complete control. Red Ritter was general manager; Max Courtney was credit manager; Charley Brudner was his assistant; Dino Cellini was supervisor, and so on. As a matter of fact, Dino had operated a school in London to train the dealers and stickmen who came originally from Sicily by way of the syndicate casino on the Isle of Man in the Irish Sea.

Publicity about Mob control caused some red faces in Nassau, but Sir Stafford Sands was easily able to keep things stable. And across the United States, Lansky's empire responded. Junkets were organized in every city to keep the casino supplied with suckers. The cash flowed into the Bank of Miami Beach as it had flowed from Havana, and where it went from there, no one knew. Money was shipped out in used beer cartons, so fast did it multiply.

Grand Bahama began to boom as the land stolen from the natives sold for as much as $2,000 per front foot. Chesler put his unique talents to work selling retirement homes to Americans, some of whom were greeted with gunfire when they tried to inspect the sites of their future homes. Golf courses were built, and plush hotels. In time, a second casino, just across the street from the Ludwig-Lansburgh King's Inn, was constructed. Named El Casino, it was a somewhat overgarish Moorish structure for the pinelands of Grand Bahama.

But Lansky had his eyes on Nassau, capital of the Bahamas and its oldest and largest city. In Nassau bay was an island owned by Huntington Hartford, the eccentric millionaire. Once known as Hog, it had been renamed Paradise Island by Hartford, who had tried in vain to obtain permission to build a casino on it. All that was lacking to make it an ideal casino site was a bridge to the mainland, and that was easily enough arranged.

Groves, of course, was eager to expand to Nassau, but so was the Mary Carter Paint Company. And in Lansky's mind, at least, the paint company had a certain asset not possessed by Groves. A major stockholder in Mary Carter was Thomas E. Dewey, the man who had released Luciano and sponsored Richard M. Nixon in his bid for the Vice Presidency in 1952. Simple self-interest suggested that a casino in which Dewey had an indirect interest would be worth developing. Between a powerful politician such as Dewey and an ex-convict such as Groves, there was no contest.

The history of Dewey's involvement began in 1958 when he, along with his son, invested in the Crosby-Miller Company. The following year, Crosby-Miller merged with Mary Carter Paint Company, and stockholders of Crosby-Miller received fifty shares of Mary Carter stock for each one they held in Crosby-Miller.

From the beginning, Mary Carter seemed interested in more than paint. It loaned money in 1963 to a Miami outfit used by Alvin Malnik and others as a vehicle for a stock promotion deal. When a scandal developed, there were fears that Mary Carter would complicate matters by demanding the return of its $100,000 loan.

FBI agents, listening to an illegal bug they had placed in Malnik's penthouse office on Lincoln Road, Miami Beach, heard much discussion of the Mary Carter loan. They also heard Malnik reassure his associates that Mary Carter would take no action because the loan was illegal under Florida law.

When the bottom fell out of the stock promotion deal, and the assets of the company were sold at auction, Mary Carter bought them and rented the physical facilities back to the reorganized company—thus cushioning the blow.

During the same period of this little drama, in 1963, Mary Carter became aware of great things scheduled for Grand Bahama Island—a place where Malnik admittedly had great influence. The paint company bought some 1,300 acres on Little Hawksbill Creek and developed a subdivision known as Queen's Cove. Why Chesler was willing to allow competition with his own projects no one bothered to explain. The lots were popular with various officers of the then corrupt Dade County Sheriff's Office which worked closely with the underworld in and around Miami.

On June 8, 1965, Sir Stafford Sands filed an application for a Certificate of Exemption to permit a casino on Paradise Island. It involved a typically complicated scheme which left Hartford, the owner of the island, with a minority holding and divided the rest between Wallace Groves and the Mary Carter Paint Company. Sands also announced that a bridge would be built to Paradise from Nassau, and a huge hotel constructed on the island. Target date for completion was December 31, 1967.

Robert Peloquin, top troubleshooter for the United States Justice Department, obtained details and outlined them in a memo dated January 18, 1966. He concluded the memo by commenting:

"The atmosphere seems ripe for a Lansky skim."

Lansky wasn't ready yet, however. He recognized that the rule of the Bay Street Boys was unstable, despite their long tenure in control. The natives were restless, and Cuba had proved the danger of betting everything on a man or a political party that no longer enjoyed popular support. If gambling was to survive in the Bahamas, it was necessary to turn control over to a government that offered stability.

Chesler, who had been linked to Lansky in Canadian mining deals and a partner of Lansky's aide, John Pullman, in a Miami Beach nightclub, was forced out of Grand Bahama in 1964 in the first step of a planned program to make Lansky invisible. Chesler's was the role of promoter, of pioneer, and that task was finished. Now Lansky was ready for the second step—to discredit the Bay Street Boys who had worked with Chesler and Grove and replace their government with one more solidly based. Information was leaked to news media in the United States about the wheeling and dealing, the consultant's fees, that accompanied the introduction of gambling to the islands. Such men as Tex McCrary, who had served as a public relations man in the early days, provided documentary evidence. Using the data, the *Wall Street Journal* won a Pulitzer Prize for a 1966 series exposing the link between crime and Bahamian politicians.

It was to Lansky's interest to force from office men who had put their private profit ahead of the public good. Profiting by his experience in Havana where Batista had little popular support, Lansky sought a government which would depend on gambling tax revenue to achieve its public aims.

Such men as Mike McLaney, who had operated in Cuba, began aiding the Progressive Liberal Party (PLP) which represented the black majority.

The PLP campaigned on the promise that if elected it would give the natives the social benefits the Bay Street Boys had neglected to provide—schools, roads, sewage systems, and better jobs. Lansky knew that if these goals were to be achieved, gambling would be essential. In effect, the PLP simply promised to use the casinos for public—not private—profit.

The revelations of McCrary and others caused a scandal and forced the Bay Street Boys to call an election on January 10, 1967. In that election the PLP won a narrow though surprising victory, and Lynden O. Pindling, leader of the party, became premier. A Royal Commission of Inquiry was ordered, and later in 1967 it confirmed much that had been unofficially reported earlier.

Shortly after the commission began its hearings on March 16, 1967, Sands announced that Groves had pulled out of Paradise Island, leaving the field to Mary Carter. And not long after that, Sands sold his holdings in the Bahamas and took off for a castle in Spain.

Lansky could now hope that when the Republicans recaptured the White House, Justice Department workers, such as Peloquin, would no longer meddle in Bahamian affairs.

As a matter of fact, Peloquin resigned from the Justice Department to become a vice-president of Paradise Enterprises, Ltd., the subsidiary formed to operate the casino. He served on the casino's operating committee, which supervised the work of the casino manager.

The manager was none other than Eddie Cellini, brother of Dino and, in his own right, a former bust-out gambler in Newport, Kentucky, and a Lansky man at the Riviera in Havana.

Despite the presence of Cellini, Peloquin began issuing press releases telling how he and his aides were successful in keeping the Mafia out of the casino. A year after the author gave Peloquin full information about Cellini's background, Eddie was finally—and with official regret—transferred to Miami and given a job arranging junkets to Paradise. Unfair publicity was blamed for the decision.

In 1970 Peloquin announced the formation of a new company to offer American and international business figures advice on how to prevent the Mafia from infiltrating their companies. Recruited as consultants were a number of former federal investigators, some of them of high rank. Resorts International, new name of Mary Carter Paint, was a partner supplying $2,000,000 in working capital.

Observers who have noted that the best defense attorneys were formerly prosecutors will not be surprised by this development. Yet more than a need to make money was involved. For many in Peloquin's organization, as well as others who quit federal service, the last best hope for continuing the war against the National Crime Syndicate died in 1968 with the murder of Robert F. Kennedy. A loss of crusading zeal was apparent, and the appointment of John Mitchell as Attorney General did nothing to restore faith.

It should be noted that those men who decided to sell their service to private industry to combat the Mafia included several who somewhat cynically in 1963 created the legend of La Cosa Nostra as a means of getting the FBI off the hook. In a real sense, they were taking advantage of the snow job given the American people. They had helped create a menace—complete with blood oaths, kisses of death, and boss of all the bosses. Now they would be paid high salaries to fight it.

Richard M. Nixon visited Paradise Island in 1962 after his defeat in California's gubernatorial race. His host was the wealthy Huntington Hartford, who was even then attempting to win a Certificate of Exemption for a gambling casino. Later, Hartford hired Alvin Malnik of Miami Beach to assist him, but the casino in Paradise was not in the cards for him.

When Mary Carter had its official opening in January, 1968, the usual gaggle of international jet setters flew in, and those newspaper columnists who report on beautiful people were busy describing the wonders of the new sucker trap.

Among the invited guests was Richard M. Nixon, who in 1968 was confident he would succeed Lyndon Johnson as President of the United States. Nixon's law firm, after all, listed Ludwig's company, National Bulk Carriers, among its clients, and, of course, Nixon was a friend of Thomas E. Dewey, a stockholder in Mary Carter.

At the Royal Commission hearings which followed the overthrow of the Bay Street Boys, a reference to Nixon created a small sensation. Max Courtney, one of Lansky's men on Grand Bahama, testified about his long career in bookmaking. Some of the top men in the country, he said, were his customers. Among them was the ex-Vice President of the United States. While one would take Nixon's word in preference to Courtney's sworn testimony, the fact remains that Nixon has never denied the allegation.

Mary Carter asked Peloquin to help the Nixon campaign in 1968, but Peloquin, who was supporting Robert Kennedy, declined. At the 1968 convention in Miami Beach, the company put its yacht at Nixon's disposal, and it was used by his staff. Following his election, he was invited to return to Paradise. The Secret Service objected; too many boys there had connections with big-time gamblers, the agents said.

In an obvious effort to remove the stigma, and perhaps provide additional insulation, Mary Carter sold its paint division and emerged as Resorts International, Inc. Somehow the name seemed more appropriate to a gambling joint.

# 15

THE conquest of the Bahamas, involving several years of patient intrigue, was only one of several projects occupying the attention of the Chairman of the Board in the 1960's.

Events economic and political conspired to make practical a worldwide empire, and Meyer Lansky seized every opportunity. He had long-range plans for new ventures in his adopted country, but they depended on success abroad.

The jet plane was essential to his plans. It was now possible to fly to London or Portugal in the same time and at little more cost than a visit to a regional gambling center in the past. Moreover, the election of John F. Kennedy in 1960, and the selection of Robert F. Kennedy to be Attorney General, made overseas ventures a necessity. The Coordinated War on Crime launched by Bob Kennedy meant the end of wide-open gambling in such remaining stateside centers as Newport, Kentucky, and Hot Springs, Arkansas.

As old doors closed, however, new ones opened. The British in 1960 legalized gambling and naïvely assumed they could keep out American gangsters. Lansky used the same methods in England that were working in the Bahamas. His trusted aides moved in, organized the casinos, and were replaced in time with respectable fronts whose ties with crime were not so well known. The British could, and did, deport the George Rafts and Dino Cellinis, and having done so could reassure themselves that they had cleaned house. Meanwhile, gambling became a virus in the bloodstream, and no scandal was likely to cause its abolition.

The saga of Harry Brook well illustrates the process.

A Cleveland product, Brook was trained in gambling by such experts as Moe Dalitz and Sam Tucker. When Mickey Cohen was sent West as an aide of Bugsy Siegel's, Brook went along. By 1950 he was sufficiently important to be mentioned by Kefauver Committee witnesses. Carlos Marcello of New Orleans took the Fifth Amendment when asked if he knew Brook.

By 1960 Brook was living in luxury in the Blair House, a Teamster Union hideout north of Miami Beach. James Hoffa, who by now had become an ally of the syndicate, kept an apartment in the Blair House. Gil "the Brain" Beckley lived there while operating his layoff betting business in Newport by remote control.

A curious incident contributed to Brook's being assigned to London. One of the new residents of the Blair House was Ann Drahmann, recently divorced second wife of Trigger Mike Coppola. After leaving Mike, Ann squealed to the Intelligence Division of IRS, and a tax probe of Coppola's income was under way. Ann was under tremendous pressure from friends in the underworld to "lay off Mikey," and one of those causing her trouble was Harry Brook.

When she reported this to the IRS, a routine letter was sent asking Brook to come to the IRS office in Miami for an interview. Brook, aware that his old buddy Mickey Cohen had just been convicted for tax evasion, assumed the letter meant his own taxes were being checked.

Shortly thereafter, the IRS in Miami received a telegram from an accountant in Los Angeles stating that Brook was moving to L.A. and asking that his tax case be transferred there. Until that moment there was no investigation of Brook's taxes planned, but special agents decided to oblige. A case was set up and transferred as requested. Six months later, after Brook went to London instead of Los Angeles, the case was referred back to Miami and the digging began.

Accompanying Brook to London was Mike McLaney. Mike was ambitious. Just before Castro came out of the hills, he had taken over the Nacional from the Cleveland Syndicate and attempted to operate it under the new dictator. The effort failed, and Mike was seeking a new assignment.

After getting acquainted with the situation and laying the groundwork for better things, both men returned to the States. McLaney became involved in the Bahamas, and Brook developed interests in the casinos of Puerto Rico. He had to return to Miami, however, when his twenty-year-old son, Lee, eloped with the seventeen-year-old daughter of Marcos Pérez Jiménez, ex-dictator of Venezuela.

Pérez had just been ousted from Venezuela when Vice President Nixon made his unfortunate goodwill visit there in 1958. Much of the resentment against Nixon was due to the belief the administration he represented had supported Jiménez, as indeed it had.

With millions stashed away in Swiss banks, Jiménez came to Miami Beach where he lived like a king in a $400,000 mansion on Pine Tree Drive—the favorite street of many gangsters, such as Charlie "the Blade" Tourine. The mansion was just across Indian Creek from the Fontainebleau, the favorite hotel of all good gangsters.

Jiménez boasted of a fleet of sports cars, boats, and a small army of guards. He also had the ex-mistress of Fidel Castro—an American girl named Ilona Marita Lorenez—to keep him happy. But he didn't like his beautiful daughter marrying the son of an American gangster. Yet he attended the gala reception Brook put on in the Fontainebleau for the happy couple. It was 1969 before he succeeded in breaking up the marriage.

Meanwhile, Brook was reassigned to London. Casinos there were not connected with hotels. This was expensive for the syndicate, especially when junkets of high rollers had to be fed and housed. Brook was ordered to find a hotel and arrange for it to install a casino. Working with him on the project was Adrien Jedai, a Cairo-born financier who owned half of the world's largest casino, the Casino du Liban in Beirut, Lebanon. It was understood that Lansky owned the other half, but, of course, no one could prove it.

A new hotel was to be built on the site of the old Londonderry Hotel. Brook and Jedai won the right to operate the Park Lane Casino on the first floor. Shortly after it opened in 1966, Brook was indicted on that income-tax probe in Miami. The British weren't happy when the news reached England.

Meanwhile, the Eastern Sportsman Club of New York agreed to organize junkets. On one of them, Angelo Bruno, Mafia boss of Philadelphia, flew over accompanied by Morris Lansburgh of the Eden Roc in Miami Beach. The British put both men on a stop list which was supposed to prevent them from returning. The Bahamian government followed suit—a move that was embarrassing when Lansburgh leased the King's Inn on Grand Bahama from D. K. Ludwig. When Lansburgh kept coming over anyway, the Bahamians explained he had been given a special pass to conduct business.

Ironically, an organization known as the Jewish Defense League began a boycott of Park Lane on the grounds it was connected with such Arabs as Jedai. All good Jewish gangsters were urged to stay away.

Brook went to Paris for a weekend and upon returning to England was denied admittance. The English had decided he was a gangster. Somehow, he managed to get back into the States, but when he cashed a $50,000 check on a British bank, special agents of Intelligence located him. In 1968 he was convicted on the tax charge and sentenced to a year in prison.

But he had served his twofold purpose in getting the casino opened and allowing the British the satisfaction of kicking out a suspected gangster. The men who replaced him had no such obvious connections. And Harry Brook was but one of many men used by Lansky for such purposes.

The scope of Lansky's interests is illustrated by a trip his international courier, John Pullman, made in 1965. His first stop was the Bahamas in January. From there he went to Bogotá, Colombia. The Eden Roc in Miami Beach was his next destination. In February he went to the Sands Hotel in Las Vegas, where Lansky's old bootlegging chum from Boston, Hy Abrams, was boss. In March he was conferring in Los Angeles with Mike Singer, an ex-Teamster official who had helped put together the Bank of World Commerce with Alvin Malnik. Later in March he was in Honolulu, where the syndicate was attempting to get control of Ewa Plantation and hoped, eventually, to legalize gambling. In April he was at the Peninsular Hotel in Hong Kong, where the syndicate had casinos and obtained much of its narcotics. Lebanon and its casinos were visited next. By June, Pullman was back in Switzerland where he conferred with Lansky in person. Together they visited the French Riviera to study plans for the ultimate take-over of the casinos there.

Meanwhile, the United States was talking about La Cosa Nostra.

Lansky could deplore the loss of Newport and Hot Springs, but the attack on La Cosa Nostra caused him no loss of sleep. Indeed, from 1960 to 1965 he succeeded in keeping his name completely out of newspapers.

Yet that five-year period was for Lansky one of the most active, and profitable, eras he had known.

The OCD—as Robert Kennedy's Organized Crime Drive, which finally enlisted the cooperation of J. Edgar Hoover's FBI, was known—had picked up Lansky's trail in the Bahamas and in Las Vegas when, suddenly, in 1963 President Kennedy was murdered in Dallas. Under President Johnson, the pressure slackened somewhat. Lansky was still worried about

Robert Kennedy, however, but that danger ended in 1968 when another bullet ended the life of the syndicate's most dangerous foe.

Under President Nixon, Hoover was more powerful than ever.* To the old OCD program was officially added the LCN drive.† A number of Mafia figures, some of them ancient, were indicted, and by 1970 the inevitable happened. Attorney General John Mitchell ordered the FBI and other agencies under his jurisdiction to refrain from using the terms "Mafia" and "La Cosa Nostra." Privately, the FBI continued to pursue Italian-Americans with vigor, setting off a campaign on the part of the Italian-Americans who claimed they were being persecuted by the bureau. But it was becoming clear that the time was near when everyone would put the Mafia into a better perspective. Even the McClellan Committee, which first publicized Valachi, prepared new charts. The heading was "National Crime Syndicate," and Meyer Lansky's name was at the very top.

Undisturbed, however, Lansky and the bright younger men he had trained carried on as usual.

The Republic of Haiti provides an example of Lansky's methods and the manner in which national politics influenced his actions.

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* Hoover was unbelievably naïve where gangsters were concerned. An FBI agent has related how "the Chief" would attend gangster-owned racetracks in Miami and find himself posing with notorious hoods. To protect himself, he created a special Hoodlum Squad based in Miami. Its duties were simply to identify various gangsters to Hoover when he came down each winter for the races; the squad had no authority to take action against anyone, but it was maintained year after year just to keep Hoover from hurting his image.

† A high-ranking Justice official once explained to the author the decision to call the Mafia La Cosa Nostra. "Hoover," he said, "could have called the Mafia the YWCA if he wanted to. All Kennedy wanted was to get him and his great organization into the battle."

When asked why the emphasis on the Mafia instead of the National Crime Syndicate, the official explained:

"The Mafia was small and handy. The feeling was the American people would buy it with its family relations and blood oaths a lot quicker than they could understand the complex syndicate. You must remember, we wanted to get public support behind the drive on crime."

In 1958, when the Cleveland Syndicate—recognizing that Castro's triumph was inevitable—turned over the Nacional to Mike McLaney, it explored the casino in Haiti. Dr. François Duvalier had just been elected president of the black republic, and political conditions were unstable. Or so the American consul reported. The Cleveland boys decided to return to Las Vegas.

Several syndicate-related groups tried their hand at running the casino in the next few years, but conditions were unstable and the tourists didn't come. The hope was that a victory of Nixon in 1960 would bring better relations with the dictator who, by now, was known as Papa Doc. With the victory of Kennedy, however, just the reverse happened. The new President based his hopes for Latin America on an Alliance for Progress, a people-to-people relationship. Standing in the way, of course, were the military dictators of various countries and the established interests who believed in keeping the peons in their place. The Eisenhower-Nixon administration had believed—characteristically—in dealing with the symbols of law and order even if they were undemocratic. Kennedy didn't.

Reluctantly he agreed to go ahead with the already planned Bay of Pigs invasion of Cuba—and syndicate gangsters waited in Nassau for the casinos to reopen in Havana. But the President drew the line at cooperating with Papa Doc. When various pressure moves failed, an open break between the two countries followed.

Such a state of affairs was bad news for Lansky and his new program of international operations, but there was little he could do about it. The syndicate even financed one invasion, led by corrupt Dade County deputies, which came within a whisker of success. The theory was that if Papa Doc could be removed, a puppet could take his place who would make gestures of cooperation with the United States and permit the casino to operate undisturbed. When the invasion failed, there was nothing to do but wait.

Following Kennedy's death, a new syndicate effort to get along with Papa Doc began. By this time Lansky had developed some friends in the Johnson administration. One of them was Bobby Gene Baker, secretary to the Senate Majority and President Johnson's right-hand man.

Baker was taken in tow by three of Lansky's top aides: Clifford Jones, former lieutenant governor of Nevada; Ed Levinson, who had worked in Lansky's casinos from Newport to Las Vegas; and Benjamin Siegelbaum, a Miami Beach wheeler dealer who had worked with Hoffa and had connections in Las Vegas.

Complicated deals were worked out that, among other things, paid Baker a penny a pound on all meat slaughtered in Haiti for exportation. Playing an important role was Senator George Smathers of Florida, who claimed the distinction of being a personal friend of both Nixon and Johnson. Smathers had defended Batista to the end, and now he was prepared to use his influence in support of Papa Doc.

This influence was useful in arranging a $2,600,000 loan to Papa Doc in 1964 from the Inter-American Development Bank. The Alliance for Progress, now very frustrated, gave financial aid to the poverty-stricken country. It was taken for granted that most of the money would find its way into the dictator's personal bank accounts in Switzerland.

By now the little black doctor called himself President for Life, Protector of the People, Maximum Chief of the Revolution, Apostle of National Unity, Benefactor of the Poor, Grand Patron of Commerce and Industry, and Electrifier of Souls. Voodoo was legalized but heavily taxed, and a picture of Papa Doc had to be displayed every time Baron Samedi was summoned from the dead.

Meanwhile, a former college professor, Raymond Joseph, organized hundreds of refugees from Haiti in the United States and fought an undercover war with Duvalier's secret police, the dreaded Tontons Macoute. Joseph's people, with secret aid from the Central Intelligence Agency, planted informants in the presidential palace and broadcast intimate details of Papa Doc's daily routine. This was intended to convince the Haitians that the rebels had a better deal with the demons than did their President for Life. (So effective were the broadcasts that the Tontons Macoute slipped into the studios of WRUL in New York one night and substituted pro-Duvalier propaganda for the tapes prepared by Joseph. The station actually broadcast the first one before the deception was detected.)

Joseph trained a few score men on the big but largely deserted island of Andros in the Bahamas. An invasion was planned, but the Bahamian government cracked down and arrested most of the men. Fear of the syndicate and its casino holdings upon which the economy now depended was stronger than any natural sympathy for fellow black men attempting to win freedom from a tyrant.

Meanwhile, various minor-league mobsters and ambitious promoters took turns attempting to operate the casino. One Canadian group with ties to the Mafia got ambitious enough to begin organizing junkets to Port-au-Prince. Lansky was forced to fly to Toronto and order the junkets ended. The time was not yet ripe.

The hour for which Lansky waited came at last in November, 1968, with the election of President Nixon. Governor Nelson Rockefeller was dispatched by the new President on a fact-finding tour of South America and the Caribbean. The President made it plain that in his opinion the Alliance for Progress had failed. In the future, he said, the United States would deal with existing governments and institutions and leave social reform to the will of the citizens of individual nations.

It was a return to the policy of Eisenhower-Nixon in 1952–60—the policy that had brought riots and endangered Nixon's life in Caracas in 1958. The American people, tired of being the world's policeman, accepted it without complaint. Let the people to the south find their own solutions, the U.S. had problems enough of its own.

The end of Raymond Joseph's efforts to arouse the Haitian people to revolt came in 1969 when Rockefeller posed with a happy Papa Doc and promised economic and military aid to his impoverished country. After all, the little dictator was opposed to Communism, and all such fighters had to be protected.

Lansky had not waited for Rockefeller's appearance in Port-au-Prince. New and sophisticated gambling equipment was being shipped to Haiti. The federal strike force in Miami—one of several set up under Attorney General Ramsey Clark in various cities—intercepted one shipment at Miami International Airport on January 8, 1969. It was aboard a chartered plane bound for Haiti.

The haul was enough to raise the hair of a high roller. Each piece of equipment, from dice tables to roulette wheels, had built-in electronic devices operated by remote control. When operating, the equipment nullified the law of averages and made certain the sucker would lose each and every bet.

How many shipments of similar equipment escaped detection and were delivered to Haiti, the Bahamas, or the other Caribbean Islands boasting casinos, there was no way to know. But it is a safe bet that in many such plush tourist attractions, silent men man electronic controls as they peep through the traditional eye in the sky at the action on the tables below.

Now it was time to send in the first team. Mike McLaney, who had been kicked out of Cuba and the Bahamas, was given the nod. A deal was worked out with Papa Doc, and the Casino International opened again in Port-au-Prince. At the same time a coordinated drive to attract tourists was begun. Travel writers from many newspapers were given free junkets to Haiti and came back to write glowing stories about the beauty of the country, the stability of its people, and the magnificence of its casino.

Even the Miami *Herald,* which had given front-page play to the crooked gambling equipment, ran a color picture of the casino on its front page. A public relations firm in Miami was hired to counter any unfavorable mention of McLaney or

Haiti, and by all accounts the 1969–70 season in Haiti was the best in more than a decade.

Despite the press-agent propaganda, all was not well in Haiti. That fact became obvious when a lone plane attempted to bomb Papa Doc's palace, when the Haitian "navy" revolted and fired an ineffective barrage at the palace before seeking haven in the United States. But now the National Crime Syndicate guards Papa Doc, and if he needs guns, men, or money, it can supply them.

So confident was the syndicate in 1970 that a land-buying program along Haiti's virgin beaches was reported, obviously patterned after the sands of Grand Bahama, which became worth their weight in gold when land speculation followed on the heels of the gambling boom.

The lessons of the Bahamas were applied on other islands in the Caribbean and along the shores of South America. Lansky turned down a proposal in Costa Rica when he decided the area lacked other attractions to lure tourists, but casinos blossomed on the most remote isle under British, French, and Dutch flags. And, usually, some syndicate figure was involved.

The lush island of Jamaica is high on the syndicate target list. Louis A. Chesler, the man who fronted for Lansky in the Bahamas, has purchased a hotel in Jamaica and has been reportedly dickering with officials to legalize gambling. Similar efforts have been made in the American-owned Virgin Islands, a resort area that has mushroomed in recent years and has done so without gambling. The Virgin Isle Hilton on Saint Thomas was constructed with space for a casino, but as of 1970 all efforts to persuade the easygoing natives that gambling is essential to tourism have failed. As of this writing, the only gambling permitted is on turtle races at the Virgin Isle Hilton. But pressure continues from syndicate figures who own much land on Saint Thomas and Saint Croix. Their associations go back to Prohibition days when Virgin Islands rum was important to the bootleg business.

Concurrent with the spread of casinos in the Bahamas was another development of vast significance. Public-owned corporations invaded the gambling field as the final refinement of Lansky's master plan.

Once again, the trend started in the Bahamas. Resorts International, née Mary Carter Paint Company, was a public corporation listed on the American Stock Exchange. Wallace Groves soon got into the act on Grand Bahama by selling control of the Port Authority to Benguet International, a Philippine-based mining company. He was largely repaid in Benguet stock, of course, and maintained practical control of the island.

Lums, Inc., a firm which began as a hotdogs-soaked-in-beer emporium in Miami Beach, got into the act by buying Caesar's Palace in Las Vegas. And the rush was on.

Playing an important role behind the scenes was the giant Investors Overseas Service, the parent company of a host of subsidiaries holding some $2 billion in mutual funds. Based in Switzerland, and not subject to regulation by the Securities and Exchange Commission, IOS operated around the world. It bought stock for its anonymous customers from the public corporations owning the casinos, and there was no way to tell if the purchaser was Meyer Lansky or Henry Ford II.

The 1970 trial of Alvin Malnik put on record much information about the gangster-dominated Bank of World Commerce in Nassau, and the International Credit Bank of Switzerland headed by Tibor Rosenbaum. Literally millions passed back and forth between the two banks and was reinvested in the United States. Connections between the IOS and the International Credit Bank were more obscure but nonetheless real.

Bernie Cornfeld, the founder and until 1970 the guiding genius of IOS, was a close friend and business associate of Tibor Rosenbaum. IOS and the International Credit Bank, for example, jointly loaned money to an English-language newspaper in Geneva, which was later taken over by IOS.

Even more to the point was Cornfeld's use of Sylvain Ferdman. An official of the International Credit Bank, Ferdman was identified by *Life* in 1967 as a courier for Meyer Lansky. He was also a close friend and associate of Malnik and the Bank of World Commerce. When IOS encountered difficulties in Brazil, Cornfeld sent Ferdman to that county to pick up the pieces. A front from a philanthropic agency was provided, but Ferdman was in reality a secret agent.

The International Credit Bank eventually set up a branch office in Nassau to expedite the flow of money and eliminate the need for couriers. With such facilities easily available—and many IOS companies were based in Nassau—money could disappear into IOS and reappear anywhere as a loan or investment.

One such investment by a subsidiary of IOS showed up in "Lanskyland," the area just east of Gulfstream Park. It was a $40,000,000 high-rise apartment complex, and who the real owners were no one could know.

A lot of Resorts International stock was purchased by IOS, for example, and Resorts officials became annoyed when suggestions were made that the buys were made on behalf of Lansky. The irony of it was, however, that Resorts could no more disprove the charge than officials could prove it.

By means of the international financial structure, machinery existed to conceal the holdings of Lansky or any other member of organized crime. To all intents and purposes, they had become invisible.

In 1969 Representative Wright Patman of the House Banking and Currency Committee, with the cooperation of U.S. Attorney Robert Morgenthau, drafted a bill to force U.S. citizens to report such investments. The author was invited to testify, but the proposed hearings were never held; the Nixon administration was opposed to the bill. Treasury Department officials who favored the idea suddenly changed their minds. The bill, they said, would create too much paperwork for the banks.

The abrupt about-face on the part of the Treasury brought much criticism, and the subsequent dismissal of Morgenthau—generally rated the most effective prosecutor against the syndicate as well as the Mafia—did nothing to calm the storm. As usual, when confronted with firm opposition, Nixon retreated just a little. It was announced that the Treasury had again changed its mind and would support the bill if a few concessions were made. Chairman Patman charged the concessions would leave loopholes through which organized crime could continue to operate, but in the end he accepted the changes.

So far, Lansky and his international advisers have proved able to stay far ahead of effective regulation. Key to their success is the fact that corrupt businessmen and politicians, as well as gangsters, benefit from lax laws.

Yet there was one problem not even a Meyer Lansky could solve: an economic depression. The casino boom was accompanied by a period of unprecedented economic growth. John F. Kennedy promised in 1960 "to get the country moving again" after eight years of recurring recession, and he did just that. The boom continued under President Johnson. People had money to burn—or throw away in casinos. It was the era of the affluent society, of easy come, easy go. Thanks to the jet, Nassau or London was within easy reach and Americans traveled as never before.

With prosperity came inflation, however, and the cost of living climbed steadily. Yet the pinch was largely on those unhappy persons living on fixed incomes and on wage earners with large families. Despite high taxes, the middle class never had it so good. American soldiers might be bogged down in Vietnam, central cities might be decaying, pollution might threaten the existence of life itself, but the rolling dice continued to attract the suckers to faraway places.

The Nixon administration deliberately set out to cool the economy and put an end to inflation. Casinos were hurt first and worst. Suddenly, money was not something to gamble away. Tourism slumped as well, at home as well as abroad. Nightclubs, already severely hurt by television, suffered new losses. Big-name stars ceased to attract people to the joints of Miami Beach and the Bahamas. Only junkets organized by the Mob kept Las Vegas crowded. Bahamian newspapers reported that business in Freeport was off by 40 percent or more during the 1969–70 winter season.

Those public corporations with investments in casinos—once the glamour stocks—led the retreat. What had gone up fast went down even faster. Stockholders and some corporation executives grumbled loudly. Even the $2 billion empire of Investors Overseas Services felt the pinch, and retrenchment under new management began. Bernard Cornfeld, founder of the mysterious organization which had grown rich outside the scope of the Securities and Exchange Commission, was forced to step down.

But Meyer Lansky knew that nothing had been lost that a period of prosperity wouldn't regain. Meanwhile, he could turn ill fortune into an advantage. Using the economic recession as justification, he launched the final phase of his master plan. Miami Beach became one of several battlefields as a concerted drive to legalize all forms of gambling began in late 1969.

Everything was progressing nicely until Lansky's ulcer betrayed him.

# 16

MEYER LANSKY had always considered Miami Beach a nice place to visit, and early in 1969 he decided to live there. He put his Hallandale home on the market.

Beach police caused some amusement when they boasted out loud that Lansky felt more "protected" on Collins Avenue then under the jurisdiction of the Hallandale cops. Later, they corrected themselves; Lansky felt "safer" in Miami Beach, they said.

The unofficial word had it that a group of Young Turks was plotting to kidnap the Chairman of the Board and hold him for $10,000,000 ransom. Cynical federal agents suggested that Meyer was only trying to deflate his importance in line with his role of retired investor.

In light of what happened later, it is now apparent that Lansky was following his old practice of being near the action. Hallandale was twenty miles up the coast and a bit inconvenient for emergency meetings with the "civic leaders" of Miami Beach. The telephone could not be used—Lansky knew the FBI had bugged it years before. Furthermore, the telephones of some of his allies in the Beach had been tapped as well. Bugs in Malnik's office recorded conversations about stolen FBI reports, perhaps proving Lansky was just as sneaky as the FBI.

The house which cost $49,000 when bought new in 1959 sold for $60,000—an indication of the increase in real estate values. Balance on the first mortgage after ten years was $22,029—an indication of Lansky caution in on-the-record deals.

Preparing the legal documents for the sale was former Broward State Attorney Quentin V. Long. Four years earlier, Long attempted to block a grand jury probe of Broward corruption and succeeded in stalling it until only a week of the jury's life remained. His successor in office was brasher. He cooperated with another grand jury which issued a subpoena for Lansky, Jimmy Blue Eyes, and other famous Broward residents. Lansky was forced to disappear and was found several weeks later in a Detroit motel where he was patiently waiting for the grand jury to expire. The state attorney responsible for the inconvenience was soon kicked out of office, and Meyer returned home.

New home for the Lanskys in 1969 was the glittering new apartment building, Seasons South, at 5001 Collins Avenue. It was just north of the Eden Roc, where Sandra Lansky worked briefly in the front office between marriages. Next to the Eden Roc was the Fontainebleau, where a frustrated Ben Novack was owner of record, and such hoods as Max Eder, a convicted narcotics peddler, and Joe Fischetti, a cousin of Al Capone, openly flaunted their influence.

Novack, a dapper though aging playboy, had long sought a gambling connection. He was all set to build the Fontainebleau Havana in 1958, but Castro spoiled the plan. When the Bahamas opened, he made formal application for a Certificate of Exemption to operate a casino on tiny Cat Cay. The deal was set with Sir Stafford Sands, but the Justice Department provided the British government with a memo detailing Novack's background, and the Colonial Office ordered the Bahamians to deny the certificate.

Foiled again, Novack was eager to use his prestige—and in the amoral society of Miami Beach he had plenty—to legalize casino gambling on the mainland. Lansburgh's deal with Ludwig which permitted him to lease the King's Inn on Grand Bahama only increased Novack's anger. The two men were local rivals, operating as they did the two most elaborate hotels in Miami Beach. Their personal dislike of each other became apparent when both were appointed to the newly formed Tourist Development Authority, an agency created to promote tourism and financed with several millions in tax money. A complete stalemate developed, and the TDA was unable even to get a budget approved for many months. Out of the stalemate came an episode which well illustrates the influence of Meyer Lansky.

The frustrated members of the TDA met in 1968 in the home of Dr. Richart L. Schwarz, a dentist. Subject was what to do about chairman Novack, and there was general agreement that he had to be removed. Three members decided to vote him out of office at the next public meeting, but one man—operator of a famous sea food restaurant which numbered among its regular customers FBI director J. Edgar Hoover—dissented.

According to an affidavit, the "stone crab man" suggested: "Rather than embarrass him [Novack] at a public meeting, I'll have someone talk to him."

"Who could talk to Novack?" asked one of the members in some amazement.

"I'll get Lansky to talk to him," replied the restaurant owner.

Whether Lansky was actually asked to intervene isn't known, but Novack was essential to plans for legalized gambling, and it's doubtful that Lansky would have wanted him off the board. Eventually, three board members—including Lansburgh—made public an affidavit asking the city council to remove Novack so the work of the TDA could go forward. The city council was reluctant to act, and it was finally left to the voters to abolish the TDA as it existed and form a larger new board. Neither Novack nor Lansburgh was named to it.

The long wrangle over the TDA was a setback for the pro-casino forces. The plan was—as later revealed—for that organization to use its funds for a quiet survey of sentiment in Miami Beach which would have—or so the promoters hoped—revealed an overwhelming desire for legal gambling. When asked, the new TDA refused to put up the money.

The major stumbling block, however, was the Miami Beach *Sun,* a small tabloid published six days a week. Founded in 1930, its career had been anything but distinguished. The wheeler dealers in Miami Beach had long considered it a useful puff sheet which published flattering accounts of politicians and gave glowing reviews of nightclub acts. Yet it had never been a consistent money-maker, and a series of owners had tried and failed to make it pay. The competition with the Miami *Herald* was just too much.

In June, 1968, the *Sun* was bought by the Universal Marion Corporation of Jacksonville, a company controlled by Louis E. Wolfson and his family. Wolfson, a tall distinguished-looking man, was many times a millionaire. Using the scrap-iron business before World War II as a base, he had gone on to become a corporate raider. Residents of Washington, D.C., still remembered his treatment of the Capitol Transit Company, while some investors in Miami Beach deplored his profitable, though unsuccessful, attack on American Motors.

Many were puzzled as to why Wolfson was interested in buying such a small newspaper, but they weren't privy to his plans. Originally, he intended to install the *Sun* in a new multistory office building and publish a Florida edition to be distributed around the state by a jet plane. Wolfson, in short, intended to use the paper as a political weapon. His interest in politics was largely based on his recognition of the value of political control to business, a concept first openly expressed by Mark Hanna at the turn of the century.

The Kefauver Committee in 1951 called Wolfson to explain why he, in concert with Chicago interests, gave vast sums to elect Fuller Warren governor in 1948. Warren was the man who permitted the Chicago Syndicate to move in on the S & G gambling cartel in the hitherto mentioned "case of the Russell Muscle."

Not generally known was Wolfson's latest attempt at king-making. In 1966 he supported Mayor Robert High of Miami for governor. High won the Democratic nomination in an upset but lost to Republican Claude Kirk in one of the biggest shockers of the year.

Wolfson was under indictment in New York at the time he bought the newspaper. U.S. Attorney Robert Morgenthau, one of the few prosecutors who recognized the Mafia was only a small part of the syndicate, accused Wolfson of violating Securities and Exchange Commission rules regarding the sale of stock. Morgenthau, a descendant of an old and distinguished German-American family, looked with a certain distaste on the nouveaux riches whose ancestors came from Eastern Europe. His pursuit of such men led him into a probe of Swiss banks and their use by men allied to the syndicate.

Despite Morgenthau's successful record of prosecution, Wolfson wasn't too worried. When a Miami television personality assured Wolfson he could fix his case with Nixon in return for a $20,000 contribution to the Republican National Committee, the tycoon promptly wrote out a check to the personality who, just as promptly, blew it all on his current girlfriend. Some weeks passed before Wolfson discovered he was going to prison anyway.

To manage the *Sun,* Wolfson installed a refugee from Nazi Germany, Hendrik J. Berns. A veteran journalist, Berns was an idealist and, like many such people, also naïve. As his first task he set out to clean up Miami Beach, not realizing that the resort city—in the words of former Mayor Elliott Roosevelt—was not only controlled by the Mob but owned by it.

Inevitably, Berns' journalistic goals clashed with Lansky's plans for legalized gambling. Tremendous pressure was exerted on the *Sun.* Bomb threats were routine. Even a picket line appeared outside the door. And such plush hotels as the Fontainebleau and Eden Roc canceled their advertisements. So did every nightclub with Mob connections, and other businesses in which the National Crime Syndicate had invested.

Even the grocery chain aided financially by Lansky in the 1930's—now one of the largest in Florida—pulled out its ads.

Wolfson was in prison by the time the campaign developed, kept under such wraps that Berns was unable to visit him or communicate by letter. Cause of the security was the celebrated case of Associate Justice Abe Fortas. After Wolfson's conviction in two separate cases, it was disclosed that Fortas had accepted money from Wolfson—officially in the capacity of consultant to the Wolfson Family Foundation. This association with a convicted criminal caused such an uproar that Fortas was forced to resign from the Supreme Court. Following Fortas' departure, the Republicans turned their guns on Associate Justice William O. Douglas. His greatest sin was alleged to be his aforementioned indirect association with Lansky through the Parvin Foundation.

The unavailability of Wolfson was in some respects an advantage for Berns. There was no one to interfere, so the stubborn publisher ignored the threats and the economic pressure and pushed ahead with his newspaper campaign. The *Wall Street Journal* was so impressed with the sight of a tiny paper fighting the most powerful forces in the nation that it sent its Pulitzer Prize winner, Stanley Penn, to Miami Beach to do a front-page article about the battle. The national publicity that resulted gratified Berns, but he remained very much alone in his struggle.

The casino drive was a factor in the municipal elections in November, 1969. It had surfaced some months earlier on May 13 when the Miami Beach Chamber of Commerce sent letters to various civic leaders inviting them to a special meeting. The invitations asked:

"Are we in a static, changing or progressing tourist/convention environment? Are we truly meeting our competition for today's travel dollar—or must we seek new avenues of approach to safeguard our economy?"

Among the new avenues of approach recommended was the establishment of legal gambling casinos which would make Miami Beach the Las Vegas of the East.

No one took the new drive seriously at first. Since Lansky had first proposed the action in 1949, the issue had come up from time to time and been easily defeated. But the old argument had a new note of urgency about it. Tourism was a declining industry in 1969 in Miami Beach as the "Nixon recession" deepened. Instead, the emphasis was on the Bahamas. The casinos Lansky had intrigued to build were given all the credit for luring the sucker from Miami Beach. To compete with Grand Bahama and Paradise Island, said the propagandists, Miami Beach had to have casinos too.

It was no coincidence that the drive to legalize gambling in Florida in 1969 was only one of several such campaigns around the country and around the world. The patient Lansky had decided the time was ripe. Even in New York, off-track betting was proposed and eventually signed into law by Governor Nelson Rockefeller. The tax pinch was cited everywhere as justification for finding new and painless sources of revenue. Such an argument was especially effective in Miami Beach where thousands of senior citizens inhabited a white ghetto south of Lincoln Road and rummaged in garbage cans for food to supplement what they could buy with their Social Security checks.

The *Sun* won friends in that ghetto by sponsoring the Sunshine Fund to supply extreme hardship cases with cash for rent and groceries. But the real key was Mayor Jay Dermer, a Yiddish-speaking politican who had won office by convincing the citizens that Mayor Roosevelt's father had deliberately permitted six million Jews to burn in Hitler's ovens. After defeating the incumbent officeholder, Dermer became something of a political maverick. He even demanded that hotel men, such as Novack of the Fontainebleau, open the public beaches to the public.

Casino forces decided with some logic that Dermer had to go—and they found a candidate to oppose him. The *Sun* supported Dermer and made a contribution to his victory by disclosing that among those fighting him were such men as

Novack and Ben Cohen. As former counsel of the S & G Syndicate, Cohen for many years was political boss of Miami Beach. His career suffered a setback in the 1960's, however, when he was sent to federal prison on tax charges. He had neglected to report as income some of his profits from serving as the man to see when one wanted a loan from the pension funds controlled by Jimmy Hoffa. Upon his release, Cohen returned to a penthouse office in Miami Beach and continued to work to legalize gambling.

The right-wing candidate selected to oppose Dermer had the support of Republican Governor Claude Kirk, but the mayor easily won reelection, and his opponent went on to form a citizen's committee to monitor "liberal" influences on local television stations. Spiro Agnew and his attacks on "effete snobs" inspired the committee, the ex-candidate declared.

In April, 1970, with the recession deepening, the casino forces made their move. The city council voted to conduct a referendum on the gambling issue. Only Mayor Dermer and one new councilman opposed the action.

The entire affair, while in a sense an isolated incident, well illustrates Lansky's methods and sheds new light on the alliance of crime, business, and politicians, which is the backbone of the National Crime Syndicate.

Investigation revealed that a bill to legalize casino gambling already had been quietly filed in the legislature. The plan was to hold a vote, win overwhelming approval from the residents of Miami Beach, and thus give the legislature—which was to meet in a matter of weeks—moral justification for approving the bill. It was also learned that a huge slush fund had been collected for use in persuading legislators to give the people what they so avidly wanted.

As part of the buildup, phony polls were circulated showing that casino gambling was favored in Miami Beach by a margin of 50 to 1. The Miami Beach Betterment Association was formed to push for casinos, and almost every merchant and hotel man joined in. A radio personality was hired to promote the drive; he took leave of absence from his station to do the job. Orange and red bumper stickers and placards reading SUPPORT LEGALIZED GAMBLING blossomed on cars and along Lincoln Road—the once exclusive shopping street of Miami Beach.

The entire campaign bore a striking resemblance to one conducted in Newport, Kentucky, in 1961. In that river city across the Ohio from Cincinnati, the citizens revolted and rallied behind George Ratterman, reform candidate for sheriff. Ratterman had been drugged, put in bed with a striptease dancer, and arrested by cooperative police. Yet he proved the frameup in a trial that drew national attention and went on to win the election despite the best efforts of the gamblers and their political allies. In both cities, the claim was that without gambling the town would die, and the same propaganda techniques were used. The Cleveland Syndicate, those old allies of Lansky, ruled Newport in 1961; in 1970 Miami Beach was Lansky's hometown.

The casino forces in Miami Beach were cheered by the knowledge that Governor Kirk had privately pledged not to veto legislation on legalizing gambling. When asked about his pledge, Kirk would only say:

"Don't tar all casinos with the same brush."

Mayor Dermer, backed by the *Sun,* almost single-handedly led the fight against the casino. He called a public hearing to give both sides a chance to be heard. Police Chief Rocky Pomerance startled almost everyone by calling legal gambling "a high pollution industry." To oppose the casinos required high courage on the part of the chief in a city where corrupt police officers had been the rule rather than the exception over the years.

Most effective, perhaps, was Dan Sullivan, veteran director of the Greater Miami Crime Commission. He outlined the history of the syndicate's efforts to establish legal gambling in Florida and left no doubt the current drive was simply a new effort by the same forces.

Nevertheless, the issue remained in doubt as the April 23 referendum approached. Gamblers were quoting 2 to 1 odds that there would be legal casinos operating by the time the new season opened in November. But then the unexpected happened.

Meyer Lansky was arrested.

So confident had he been that casinos would be approved, Lansky flew to Acapulco, Mexico, in mid-February to attend an international conference on casino gambling. In addition to Miami Beach, plans were well advanced to establish casinos in Quebec. A drive was under way in Atlantic City, and there was intrigue in Mexico to permit the luxury resorts of Acapulco itself to install casinos. Apparently Lansky considered it imperative that discussions be held to decide who would have a piece of what.

It was while returning from that conference on March 4 that Lansky's troubles began. U.S. Customs officials, alerted to his arrival, took him into the secondary search area in Miami International Airport and shook him down. Among other things, they found a bottle of pills in a nonprescriptive bottle. A preliminary check indicated the pills were phenobarbital. Lansky said they were for his three ulcers—the ulcers, he later explained, developed in 1958 while he was sweating out the last days of Batista's rule in Cuba.

No federal law was involved, so the pills were confiscated and Lansky was released. Under state law, however, it was a felony to have illegal possession of barbiturates. Without a prescription, possession was illegal. The pills and the evidence were turned over to the State Department of Law Enforcement, a new agency created in 1967 to replace a private detective agency Governor Kirk hired to fight crime.

Officials of the department debated for days, but, finally, on March 27 they secured an arrest warrant and went to Seasons South. Lansky cooperated, called in his old friend, Joe Varon, who served as his attorney for state matters, and posted $50,000 bond.

News of the arrest created some interest, but the announcement made no mention of the Acapulco convention. Bureau of Customs officials learned on February 16 that a group of Canadian gangsters—some with strong ties to the Mafia in such cities as Detroit and Buffalo—were planning a visit to Acapulco. Several of those involved had attended the ill-fated Apalachin convention of 1957, so the suspicion grew that another such gathering was in the works.

Canadian officials were also interested, so agents of both nations were dispatched to Acapulco. Such men as Vincent Controni and Paul Violi were big operators and had to be watched.

Upon arriving in Acapulco, the agents discovered the gangsters were meeting in the home of Leo Berkovitch, another notorious gangster who had moved from Canada several years earlier. Efforts began to identify all the hoods in town, and the guest list in the Acapulco Hilton was checked. Among the names listed was "M. Lansky."

Meyer Lansky may not be as well known to the general public as, for instance, the late Vito Genovese, but if Lansky was in town, then really big business was afoot.

Lansky was registered in Room 993. In Room 994 was Moses Polakoff, the New York attorney who had defended Luciano and selected Lansky to participate in Operation Underworld. His presence next door to Lansky suggested that topics of major importance were on the agenda.

The records showed that Lansky arrived on February 15, apparently shaking his FBI tail in Miami Beach without difficulty. Also present was Raymound Doust, a Montreal attorney. According to an official report filed later, Doust was "allegedly friendly with the individual said to be in charge of the legal lottery in Quebec." The official was also in charge of preparations for Quebec's first legal casinos.

Surveillance of Lansky was begun. He was seen with various

Canadian gangsters at Cabana 19 of the Acapulco Hilton. Lansky and Polakoff were followed to Berkovitch's home where other meetings were held.

Mexican federal police were notified and asked to interview the visitors. They did so on February 28. Lansky assured them he was leaving in a week. When they pressed for information about the mysterious conferences, he demanded that Polakoff be called. Little of value was obtained from anyone. Even the pictures, made with a miniature camera, turned out bad.

More gangsters were found, however, including Anthony "Paps" Papalia and Frank Pasquale. The latter was No. 574 on the International Narcotics List. Reflecting his age and experience was the fact that Lansky was No. 129 on the same list of alleged narcotics smugglers. The Bureau of Narcotics and Dangerous Drugs tried to question Pasquale, but he disappeared abruptly.

Lansky vanished on the morning of March 1, and a search of the airport and the hotel failed to find him. An alert was sent out, but it was three days later before the elusive gangster showed up in Miami.

Despite the presence of American agents on the scene, this—the biggest gangland convention since Apalachin—was almost completely hushed up. (The head of the Justice Department strike force in Miami knew nothing of the convention until he was questioned by a reporter.)

Why the coverup? An unofficial explanation was that the U.S. agents in Mexico exceeded their authority in questioning foreign nationals and invading the home of Berkovitch. Only by maintaining a strict silence could an international incident be avoided. A second reason advanced by some was that ignorance of the incident, if publicized, would damage the image of the FBI. A third excuse was perhaps closer to the point: Lansky's presence at an international conference ran counter to the official theory that crime was dominated by La Cosa Nostra.

Nevertheless, when news of the meeting was released, it had a terrific impact on the hot battle over casinos in Miami Beach.

Ben Novack, boss of the Fontainebleau, was forced to get up at a public meeting and declare that "Lansky has nothing to do with Miami Beach." The statement brought laughter from the audience. Mayor Dermer returned to the battle with new vigor and on election day distributed hundreds of cards instructing the voters in English and Yiddish to oppose Item 22—the casino issue. Thousands of senior citizens rallied to his support.

On April 23 the voters of Miami Beach proved the National Crime Syndicate could be beaten in Lansky's home town. Sixty percent of those voting said no to the casino. Lansky was heard to grumble:

"Somebody ought to buy up South Beach [the ghetto area] and raise the rents of those bastards."

But no one assumed the defeat was permanent. Lansky, who had waited since 1949, could afford to wait another year or two. And very quickly the odds in his favor improved dramatically.

Two months after the election, Wolfson—out of prison after serving his full term without parole—sold the *Sun* to a group of Miami Beach businessmen. Publisher Berns, who suffered a near breakdown and was hospitalized during the last stages of the casino fight, was removed from control.

Moreover, a drive began to abolish the office of mayor by reorganizing city government. If Dermer couldn't be beaten at the polls, perhaps he could be gerrymandered.

Despite the defeat, Lansky's power in 1970 was so immense as to boggle the imagination. Some inkling of it became apparent when, under court order, the FBI produced transcripts of recordings picked up by an illegal electronic bug placed in the Lincoln Road office of Miami Beach attorney Alvin Malnik.

Malnik is one of the second generation smoothies who are gradually assuming power as the men who began as bootleggers die off. A product of the University of Miami Law School, Malnik became quickly involved in complicated syndicate deals ranging all around the world. He formed the Bank of World Commerce in Nassau which, until thoroughly exposed, served as a laundromat for syndicate cash. The president was John Pullman, the one who introduced Lansky to Swiss banks. Others in the bank included such Lansky lieutenants as Irving "Nig" Devine and Ed Levinson. Many millions flowed into the Bank of World Commerce to return to the United States from Nassau in the form of loans for everything from homes for gangsters to savings and loan associations around the country.

So active was Malnik that he caught the eye of the Intelligence Division of IRS. A probe began which carried special agent Tom Lopez thousands of miles and occupied him for more than two years. When he recommended prosecution, the Justice Department stalled for more than a year. Eventually the reason for the reluctance became known. As previously noted, the FBI had bugged Malnik's office in 1963 as part of the Bureau's effort to compensate for its years of ignoring organized crime. The bug was illegal, and high Justice officials feared that prosecution of Malnik would result in public disclosure.

That their fears were well founded cannot be doubted. Shortly after the electronic device was put in his office, Malnik surprised an FBI agent in the office late one night. The man escaped, but other agents—listening to the undetected bug—heard Malnik plan to use the episode to gain "immunity" from prosecution. As a matter of fact, an indictment against Malnik and "Jimmy Blue Eyes" Alo was squashed in New York at FBI insistence. Later, Alo was indicted separately on obstruction of justice charges and was convicted in 1970.

Before the illegal device in Malnik's office went dead in 1963, however, the FBI heard many interesting discussions on subjects ranging from the Mary Carter Paint Company to Teamsters' boss James Hoffa. On August 19, 1963, they were shocked when Ben Siegelbaum, a Lansky lieutenant and money mover, entered Malnik's office.

"Greetings and salutations," he said. "Why, ah, this was sent to me from out West. I sent a copy on to Jack [Pullman]. Self-explanatory; it's counterintelligence information. I was supposed to drop a copy to you and a copy to Jack."

Malnik was heard to say: "What is this a copy of?"

"This is the information they got from the Justice Department," Siegelbaum replied, "from somebody, highly intelligence [*sic*], somebody the boys know. Ya know, they can be informed. Just like you have your contacts, they have their few friends. This is from Justice."

Later in the conversation, Siegelbaum makes an obscure reference to the man who gave him the "highly confidential report."

"In his memo to me—incidentally, ya know where I got it—the memo was to the effect, give Al a copy, send Jack a copy, tell Al to lock it up, see, to, ah, take it from there."

The report concerned the Bank of World Commerce in Nassau, and the information it contained convinced Malnik that there was a leak in his organization. At the end of the long discussion, however, Siegelbaum and Malnik concluded that the real target of the probe was Jimmy Hoffa.

Despite the pressure from the FBI, Malnik was eventually indicted on tax charges. Malnik's attorneys immediately claimed the IRS evidence was "tainted" by the FBI's illegal bug. A series of hearings saw FBI agents admit their illegal activity, but produced nothing to link their work to the case made by the IRS. Motions to dismiss were denied. When at last the tax case came to trial, the presiding judge ruled:

"We will avoid any mention of organized crime unless it has some pertinence to the particular testimony. The fact that he [Malnik] may be a member—alleged member—of this or that or the other thing has nothing to do with his testimony unless he is an old offender. Then you might ask any witness whether he has been convicted of a felony."

The trial that followed produced a complicated mass of facts and figures and brought out much about international finance, but it ended in the acquittal of Malnik on charges he neglected to report all his income. Details of his associations with such Lansky lieutenants as Irving "Nig" Devine, Ed Levinson, Mike Singer, Clifford Jones, and John Pullman were many times confirmed. The problem of convicting a young man with no criminal record in a case involving Swiss and Bahamian banks was also confirmed. The IRS discovered, as the FBI before it, that it is one thing to know the truth of syndicate relationships, but something else to prove it under the rules of evidence.

The FBI bug in Malnik's office caused a great flurry in 1963 when the conversation relating to "counterintelligence" was recorded, but the episode was not unique. . . .

Other FBI agents listening to recordings made in Las Vegas casinos were equally startled to learn that Lansky's men there also obtained FBI reports hot off the press. One such report revealed that Devine's wife, Ida, had been identified as a Lansky courier carrying cash to Switzerland. Needless to say, a replacement was quickly found for her.

One thing was apparent. In the secret war between the National Crime Syndicate and the FBI, Meyer Lansky learned as many FBI secrets as the FBI learned about Lansky.

Robert M. Morgenthau, U.S. attorney in New York, was a more formidable foe. He uncovered many Lansky secrets and convicted such men as Max Orovitz, in whose Miami Beach office Lansky had planned the first casino on Grand Bahama. He indicted such men as Mike McLaney, the gambler who had operated in Havana, intrigued in the Bahamas, and reopened the casino in the kingdom of Papa Doc. As noted, Jimmy Blue Eyes, Lansky's contact with the Mafia, was indicted for obstructing justice in the probe of Scopitone, Inc., one of Malnik's most profitable enterprises.

It was Morgenthau who discovered that the Exchange and Investment Bank of Switzerland was a laundromat for the Lansky Group. Owners of record included two New York brassière manufacturers, who helped start the peekaboo trend, as well as Ben Siegelbaum, Ed Levinson, and Lou Poller. The latter was classed as a Miami Beach civic leader and was former president of the Miami National Bank, but he had been indicted before on perjury charges in the Hoffa probe and escaped prosecution only by purging himself at the last minute.

The Miami National Bank pumped millions of dollars a year of syndicate capital into the Swiss bank and got it back through various New York and Bahamian banks.

The man who controls the Miami National Bank is Samuel Cohen. A partner of Morris Lansburgh, Cohen owns an interest in the Eden Roc and six other plush Miami Beach hotels. With Lansburgh, he leases Ludwig's plush King's Inn on Grand Bahama. In addition, he owns at least seventy apartment buildings in New York City alone.

It was Cohen and Lansburgh who bought the Flamingo in Las Vegas from Albert Parvin and paid Lansky a $200,000 finder's fee for arranging the deal.

According to Morgenthau, Cohen cleaned more than $2,000,000 in gambling skim from the Flamingo by sending the money through the Exchange and Investment Bank of Switzerland. He recovered the money in the form of loans to meet mortgage payments on his far-flung real estate and deducted the interest on the loans in his tax returns.

Unable to prove Cohen's connections with Lansky, Morgenthau finally succeeded in indicting him on charges of violating laws relating to the commodity market. The case is still pending at the time of this writing. Lansky was, of course, on such good terms with Cohen and Lansburgh that his son-in-law could serve as resident manager of the Eden Roc.

The International Credit Bank of Switzerland remains Lansky's private financial institution, and Pullman maintains his connections there. Since Morgenthau got interested, Pullman avoids the United States but still travels extensively between Switzerland and Canada. In 1970 he granted an interview to Wade Rowland of the Toronto *Telegram* and when asked about reports that the Mafia had a murder contract out for a Canadian official, he said:

"I've never heard of them killing anyone who didn't deserve it."

Not only was Morgenthau investigating Swiss banks and syndicate gangsters, but also he was agitating for new laws to regulate the flow of money from the United States to Switzerland. He was becoming something of a problem.

The Nixon administration took care of the problem. Morgenthau, despite being recommended by a special Republican task force as the best prosecutor in the nation, was abruptly fired by Attorney General John Mitchell. Only the need of Republicans for patronage was given as the reason.

With Morgenthau out of action, no real threat existed to disturb the sleep of the Chairman of the Board. Of course, the IRS had launched a new investigation of his income, but so little was thought of the potential that the case was assigned to a special agent in Miami who was not even part of the Organized Crime Squad. To the old OCD, launched by Robert Kennedy in 1961, had been added the LCN drive by Hoover, but Lansky was not a member of La Cosa Nostra and thus didn't come under that squad's jurisdiction either.

The special agent did develop one possible new lead. He discovered that Lansky had used Ben Siegelbaum to invest in real estate in the fast-growing Cape Kennedy area. In Siegelbaum's records new evidence might be found. But Siegelbaum ignored a summons issued by the agent in October, 1969, and when the Justice Department was asked to enforce the summons, it wasn't interested.

Only a unique break saved the case. A *Reader's Digest* editor called the author for information for an article on Lansky. The IRS, hearing of this, became alarmed. The magazine had printed many blistering attacks on the IRS in the past. Was it now planning a new attack based on the agency's failure to make a case against Lansky?

Under the circumstances, the IRS brass decided it had better get moving. Pressure was put on Justice at the top levels to enforce the summons on Siegelbaum. And so it was some six months after the summons was issued when the court was asked to make Siegelbaum comply. The portly Siegelbaum was represented by E. David Rosen, one of Lansky's federal lawyers, and when the judge ordered the records produced, Rosen gave notice of appeal.

Of course, there was the little matter of the state charges of illegal possession of barbiturates hanging over Lansky. Varon, Lansky's attorney for state cases, asked for a speedy trial. After three delays he got it. The trial began on June 17, 1970, before Criminal Court Judge Carling Stedman. Ironically, the prosecutor assigned to try it had already announced plans to resign and oppose Judge Stedman for reelection. Stedman, a former assistant of State Attorney Gerstein, had won a local reputation for dismissing cases against public officials on technical grounds. Al Sepe, the prosecutor, had once been rebuked by a federal judge for knowingly using perjured testimony to convict a defendant. Thus the stage was set for another courtroom drama.

Neatly dressed in a blue jacket, dark slacks, and a bow tie, Lansky sat impassively throughout the trial. Occasionally he would whisper to the white-haired Varon, and the two men would chuckle. The only excitement came during recesses when Lansky would step out into the hall where news photographers and television cameras waited. Pictures of Lansky had been a collector's item for years, so the opportunity to get new ones was not lost. Lansky, who had shunned publicity all his life, kept his temper, however, and on the second day of the trial the photographers were not there.

The state's case consisted largely of testimony from the Customs agents who had found the pills on Lansky. There was no question about the facts. Yet no one believed Lansky would be found guilty. Interest centered on the prosecutor and the judge as each was apparently determined to pin the blame for losing the case on the other.

So it was that when the state completed its case, Judge Stedman ordered a directed verdict of acquittal. The successful gimmick this time was Varon's contention the Customs enclosure at the airport was legally part of Dade County and, therefore, the court had no jurisdiction. Stedman, noting that seven months before he had put the State Attorney's Office "on notice" that he leaned to such a view, accepted Varon's argument.

Smiling and happy, Lansky accepted congratulations from a handful of old friends. Included were Phil "the Stick" Kovolick, Nig Rosen, and Tony Ricci. Varon was kissed by Lansky's buddies and congratulated in Italian and Yiddish. Still smiling, Lansky walked out to the street where a Cadillac waited to whisk him back to the white castles of Miami Beach.

A patient man was Meyer Lansky. At age sixty-eight he was trim and alert. Save for his three ulcers, he was in perfect health. His personal ambitions had long been satisfied, but there was still pleasure to be obtained in operating the machinery he had created. No one, perhaps not even Lansky, could accurately estimate his wealth or power. His empire in 1970 was literally worldwide, and was growing every day.

Lansky had survived the wars of his youth, wars that had cut down such men as King Solomon, Dutch Schultz, and Bugsy Siegel. He had eliminated his rivals—Anastasia, Zwillman, Carfano, and the rest. Lepke had died in the electric chair, and Zwillman had died in a garage. Luciano and Adonis had been deported, and Costello deposed. In later years he watched the FBI pursue the hapless Mafia while he built a modern, sophisticated organization that relied on moxie rather than muscle, that had friends in high places and low, that literally controlled the flow of hundreds of millions of dollars. Lansky owned men, not property, and the men who took orders from him ranked high in business and finance. He had financed revolutions, influenced American foreign policy, and changed the economic and social lives of people in many nations.

The process that began in 1929, when bankrupt businessmen turned to bootleggers for cash and credit, had continued over the decades, and in 1970 the lines separating the legal and the illegal had become almost indistinct.

Lansky could walk his dog on Collins Avenue completely confident that, by virtue of brains and guts and iron self-discipline, he had left his mark on his adopted country and on the world.

Regardless of what the future might bring, he was—in the eyes of those who mattered—Chairman of the Board.

# Epilogue

IN November, 1970, after this book was in production, word flashed around the world that Meyer Lansky was in Israel. Lansky refused to discuss his plans, but reporters noted that as a Jew, Lansky could invoke the Law of the Return of 1950 and acquire instant citizenship. Such a move would not be without precedent.

In 1964, Lansky's old associate, Joseph "Doc" Stacher, pleaded guilty and was convicted of income-tax evasion. On July 31, Stacher was fined $10,000 and given a five-year prison sentence. The sentence was suspended on condition he go to Israel and remain there. He did.

Al Mones, a nationally known gambler and Lansky associate, fled to Israel after being indicted in Miami in 1970. He is officially a fugitive from justice. In 1967, two of Lansky's lieutenants on Grand Bahama Island—Max Courtney and Frank Ritter—vanished mysteriously from the Bahamas and turned up in Israel. Both were under indictment in New York, and both had been declared "undesirable" by the new Bahamian government, although they subsequently decided they were too young to retire and returned to New York to face the music.

Moreover, Lansky knew that his own indictment was but a matter of time in connection with the "skimming" of funds from the Flamingo in Las Vegas. The probe began in New York in 1969 with the seizure of financial records relating to gambling junkets to the Flamingo. It moved to Miami where Lansky and some of his top aides were questioned by a federal grand jury. Other sessions were held in Los Angeles.

Then, in October, 1970, Vincent "Jimmy Blue Eyes" Alo was convicted on charges of obstructing justice as a result of Morgenthau's probe of Alvin Malnik's Scopitone deal. Alo accepted a five-year prison term. In asking for the maximum sentence, Assistant U.S. Attorney Gary Naftalis told the judge that Alo is considered "one of the most significant organized crime figures in the United States. He is closely associated with Meyer Lansky of Miami who is at the apex of organized crime," Naftalis added.

When Lansky learned what was going on, he simply decided to leave the country.

Perhaps moved to seek comparisons with Cosa Nostra ties to Sicily, some observers have speculated that men like Lansky have been attempting to buy themselves a final, ultimate sanctuary in Israel—a place where they can be respected and left alone. Certainly Jewish gangsters have long and openly supported Jewish causes and the State of Israel. On the night Lansky's ex-partner, Bugsy Siegel, was executed, the Flamingo was taken over by Moe Sedway. When asked how he so conveniently happened to be in Las Vegas, he explained he was there to arrange a United Jewish Appeal fund drive. As previously noted, men like Joe Linsey and Lansky make contributions to Brandeis University. And in Miami Beach, known gangsters have pledged large amounts in the huge "Bonds for Israel" rallies.

Lansky has many friends in Israel. On his frequent visits to Israel, the press termed him a "philanthropist" and "Miami Beach socialite." The multimillion-dollar Dan Hotel, to which he was repaired in November, was built by the so-called Miami Group. In addition to the Dan Hotel—largest in Israel with one thousand air-conditioned rooms—the Miami Group built the King David Hotel in Jerusalem, the Accadia Hotel in Herliya, and the Dan Carmel in Haifa. Among other Israeli enterprises, it has drilled for oil wells, built factories, and announced plans for a skyscraper complex to rival Rockefeller Center.

That Lansky could continue to direct his international empire from Israel no one doubted. Indeed, shortly after his arrival, a stream of couriers, some of them old and trusted aides, began journeying to Israel. The FBI noted wryly the departure and return of such men as Hymie Siegel, Yiddy Bloom, Harry "Nig Rosen" Stromberg and, of course, Jake Lansky.

Members of the Miami Group led by Max Orovitz—the man in whose Miami Beach office the casino on Grand Bahama was planned by Lansky—also appeared suddenly in Israel. They announced they were there to look after their "investments."

At sixty-eight, troubled with ulcers and having no worlds left to conquer, Meyer Lansky could walk his dog in Tel Aviv as easily as Miami Beach. Behind him in the States he left an efficient organization staffed by a new breed of lieutenants, college trained, with no criminal records, who might go for decades before being identified.

Thanks largely to the genius of one man, the Syndicate International had become a terrible reality.

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